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ECONOMIC AFFAIRS

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**CHINA REPORT
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NATIONAL POLICY AND ISSUES

HU YAOBANG URGES ECONOMIC, POLITICAL REFORMS

LD201727 Beijing XINHUA in English 1500 GMT 20 Jan 83

[Text] Beijing, 20 Jan (XINHUA)--Hu Yaobang, party general secretary, today said steady and systematic economic and political reforms must go hand in hand with the modernization drive.

Reforms must be carried out in all spheres in socialist society, he said, addressing the national conference on ideological and political work attended by provincial leaders, trade union, women's federation and youth league representatives.

This is a guideline of utmost importance for the party if it is to lead the modernization campaign to success, he said.

Without reforms there can be no modernization for China. This was what Deng Xiaoping has been stressing in recent years, and the Central Committee fully agrees with him, Hu Yaobang said.

Reforms shall be carried out in an all-round way, in good order, and in accordance with the actual conditions, he said.

In his speech entitled "On Modernization and Reform" today, Hu Yaobang spoke of the party's general principle for reforms, reform in the political, economic and other fields, and the demands on communists and the working class, which is to stand at the forefront of the work.

All areas and departments should break from the old conventions and the outdated style of work that hinder advance, and study new situations, solve new problems and develop new experiences and new ideas. The whole party must follow the schedule set by the central leadership.

Reviewing the party's experience in the past few years and what the successful reform in agriculture has achieved, Hu Yaobang said the work of setting things right in guiding thinking had established the prerequisites for modernization. Reforms to break with the old and create the new will guarantee its success.

The criterion for judging the right or wrong of reforms is whether they are good for building socialism in China, for the development of the nation, and for the prosperity of the Chinese people.

The slogan of "continuing the revolution under the dictatorship of the proletariat" is wrong and harmful, Hu Yaobang said, while the conviction that socialist society still has to carry out reforms in all fields is correct.

The Chinese working class of 100 million must take part in the reform, support it, and lead it, he said.

Among those present at the meeting this afternoon were Wan Li, Fang Yi and Yu Qiuli.

CSO: 4020/45

NATIONAL POLICY AND ISSUES

XIZANG COMMENTARY ON QUADRUPLING OUTPUT VALUE

HK051512 Lhasa Xizang Regional Service in Mandarin 1130 GMT 4 Jan 83

[Commentary by station reporter: "There is Much Hope of Quadrupling Xizang's Annual Total Industrial and Agricultural Output Value"]

[Summary] Since the 12th Party Congress put forward to the people of all nationalities throughout the country the great strategic target that by the end of this century our country will have increased its annual total industrial and agricultural output value by 400 percent, the party, the government, the army and the people in our region have pondered and discussed this important problem: "When the whole country is doing well in quadrupling the output value, what will Xizang do?"

The comrades attending the regional CPC committee's work conference held: "In his work report, Comrade Yin Fatang gave explanations on whether or not our region wants to quadruple the output value, whether or not it can quadruple the output value and how to do so. His explanations have unified our ideological understanding on the basis of the 12th Party Congress."

In the course of discussion, they put forward the following five points:

1. The guidance of the correct line, principles and policies of the CPC Central Committee is the basic guarantee for quadrupling the output value in our region.

"2. In the 22 years from 1958-80, our region's total industrial and agricultural output value increased from 251 million yuan to 744 million yuan, an increase of nearly 200 percent. Because of a reason well-known to all, our region did not spend much time on concentrating its energy to grasp economic construction. Even in those circumstances, the speed of the increase in the total industrial and agricultural output value of the whole region was not slow. Now, the CPC Central Committee has decided to make economic construction the key work of the whole party and has put forward many measures to guarantee the smooth progress of this key work. We have reason to believe that our region will surely make a record in the speed of economic construction in the next 18 years."

3. Our region has a foundation of 31 years' work. It has capacity for agricultural, livestock and industrial production, communications and energy production. Particularly, it has very great potential for industrial and agricul-

tural production. This is a material foundation for increasing the region's annual total industrial and agricultural output value by 400 percent. "At present, our region's industrial output value accounts for about 20 percent of its total industrial and agricultural output value. If we increase the proportion of the industrial output value to the total industrial and agricultural output value to about 40 percent, we can achieve the target of increasing the annual total industrial and agricultural output value by 400 percent."

4. People of all nationalities, cadres and scientific and technological personnel in our region have strong desires to change the poor and backward outlook. They have a high degree of spontaneity and enthusiasm for building a new socialist Xizang. This is a source of strength for increasing the annual total industrial and agricultural output value by 400 percent.

5. Our region has the vigorous support and cooperation of the state and all fraternal provinces, municipalities and autonomous regions. This has provided extremely valuable conditions for our region to increase the annual total industrial and agricultural output value by 400 percent.

At the regional CPC committee's work conference, responsible comrades of many prefectures, municipalities and counties and the region's agricultural, animal husbandry, industrial, communications, financial, trade, cultural, educational and scientific research departments exchanged their views and plans for increasing the annual total industrial and agricultural output value by 400 percent.

In light of the overall situation, there is much hope of increasing the annual total industrial and agricultural output value by 400 percent in the region in 18 years.

CSO: 4006/196

NATIONAL POLICY AND ISSUES

XUE MUQIAO, ZHOU TAIHE, YU GUANGYUAN COMMENT ON REFORM PROBLEMS

Shanghai SHIJIE JINGJI DAOBAO in Chinese 28 Jun 82 p 2

[Text] Comments by Xue Muqiao:

The correct direction, healthy thrust and substantive accomplishments of the lively discussions on the theories for reforming the economic institutions since 1979 have played an important role in enhancing the pilot projects of the reform. No country in the whole world has found a satisfactory solution to this complicated problem. Inexperienced as we are, it is no wonder that our theoretical discussions have led to all kinds of incorrect and lopsided views. Now we are mobilizing vast numbers of economic workers and theories to launch in-depth discussions and research on the theories concerning the reform of the economic institutions. The purpose of this is to seek truth from facts in order to overcome certain lopsidedness and reach a higher level of understanding, to further develop the theories for reforming the institutions based on China's own experience of the last 30 years, especially the last 3 years, and to redefine the direction of the reform and provide the theoretical and scientific basis of an overall program for the reform of the economic institutions.

Although there are many problems concerning the theories for reforming the economic institutions which we ought to discuss and study, the two most important ones are the relationship between the planned economy and the market [mechanism] on the one hand and that between the lines and the blocks that is, between department management and regional management--centralization versus decentralization--on the other.

With respect to the relationship between the planned economy and the market mechanism, we should go a step further to examine carefully the following points:

- (1) The relationship between the commodity economy and the planned economy. Some comrades claim that the commodity economy and the planned economy are not antithetical. Even though the socialist economy is by nature a planned economy and not a commodity economy, we cannot say that the production and exchange of commodities as well as the commodity economy do not exist at all under socialism. We must discuss and study the way to clarify the issues involved.

(2) The question of the planned readjustments and the market readjustments. We often say that the planned readjustments and the market readjustments should be coordinated to let the state plans guide the market readjustments, or that the planned readjustments and the market readjustments should be co-ordinated so as to subordinate the latter to the former. Is this recommendation sound? The planned economy of China has sustained assaults for the last 3 years. Is this due to the market readjustments or the failure to use the economic leverages to ensure the realization of the state plans? What is the relationship between the planned economy and planned readjustments? Is it true that as long as we have the planned economy, there is no need for planned readjustments? Some comrades allege that the planned readjustments in a strict sense call for plans decreed by the state to readjust the production, purchase and marketing operations of the enterprises; that the planned readjustments in a broader sense imply that the state uses the economic leverages and the law of value to carry out the readjustments; and that market readjustments imply spontaneous readjustments of unrestrained production by the law of value which is not included in the state plans. Is this a correct approach? How are we going to decide whether the decreed plans ought to be cut back or abolished?

(3) The difference between the market, the market economy and the market readjustments. The planned economy, though not a market economy, cannot operate without the market. It therefore should not be the antithesis of the market mechanism because we are not yet capable of carrying out the planned economy without the market. The drawback of our economic work lies not so much in overusing the market mechanism as in using it ineffectively. The market, the market economy and the market readjustments on the one hand and the plan, the planned economy and the planned readjustments on the other carry very different connotations. We must study them again to see whether the way we expressed them has been correct.

Further research on the problems concerning the theories of the lines and the blocks is still necessary. There are contradictions between the management by the lines (departments) and that by the blocks (regions) in China's economic management. To resolve these contradictions, is it possible to use the combinations of different frameworks to replace the "departmental ownership" and the "regional ownership" so as to do away with the partitions by the lines and the blocks? Can the administrative divisions and the economic divisions be kept apart? What is the best way to handle the relationship between the departmental management and the regional management as all the socialist enterprises which may have relative autonomy but not absolute autonomy still need the guidance of the regional and departmental authorities, even though undue administrative control by the state over the enterprise should be cut back?

Apart from these two major issues, there are still many other problems requiring careful study, such as the structure of the socialist ownership and the diverse economic sectors under a diversified economy. To what extent may these semi-socialist and non-socialist economic sectors develop?

In promoting healthy discussions of the theories for the reform of the economic institutions, the following points deserve special attention: (1) All the erroneous, lopsided and inappropriate views which emerge during the discussions should be tolerated. Do not bring up either the old or the new scores, and much less to pin down a person to his views in order to attack him. The past practice of finding fault with people, bludgeoning and threatening them should not be allowed to be repeated. (2) So long as the four basic principles and the planned management of the national economy are upheld, the general direction ought to be considered correct. The different views expressed during the discussions are normal and also essential. (3) Uphold the scientific approach to seek truth from facts, and cultivate a healthy learning style to stand by the truth and correct the mistakes. Do not consider oneself always in the right. (4) Let the discussions bring together both theory and reality. Take the basic Marxist-Leninist principles as a guide, but start from the actual conditions in China to sum the positive and negative experience of China and other countries in order to blend together the theory and practice as well as the directions and methods.

Comments by Zhou Taihe:

The reform of China's economic institutions should be guided by correct theories. The Eastern European countries got their theoretical ground work ready before they reformed their institutions. For instance, when Hungary began in 1964 to reform her institutions, she set up eleven small groups to study specific topics. We cannot rely on a small number of people to handle the reform of China's economic institutions. We need to work closely with vast numbers of cadres and the masses. It would be difficult to carry out the reform of the economic institutions without the participation of thousands and even hundreds of thousand of cadres and the masses in the endeavor.

Comments by Yu Guangyuan:

The reform of the socialist economic institutions is a major event in the history of the world today. This may be regarded as another historic reform in the area of production relations after a socialist country had achieved the socialist transformation of the ownership of the means of production.

We must define very clearly the scope and nature of the problems we propose to study and discuss. The basic socialist economic system and the socialist economic institutions are two different concepts which must be distinguished. The socialist economic system is the kind of economic system which prevails in all the socialist countries during the entire socialist historical period. It stands for public ownership of the means of production by society, distribution according to work, and the production of the socialist commodities. The socialist economic institutions, the specific economic relations built on the foundation of the basic socialist economic system, differ from one socialist country to another, or from one historical period to another within a particular socialist country.

The basic socialist economic system, which calls for only its preservation and the attainment of perfection does not need reforms. The socialist economic institutions should be reformed rationally to keep pace with the development of the economy.

To study the theories for the reform of the economic institutions means to sum up the historical experience in the area of the socialist economic construction. From a worldwide point of view, all the experience since the October Revolution is the background material which needs to be examined in connection with the study of the theories for reforming the economic institutions. Another source of material which has a more direct bearing on this study is the experience of Yugoslavia in the last 30 years since its inauguration of the workers' autonomy in the early 1950's. As for China, there are two sets of data, the one covering the 33 years since the founding of the PRC and the other the last 4 years after the introduction of the reforms to the economic institutions.

The discussions of such important problems as the theories and application of the reform of the socialist economic institutions are bound to lead to differences in principle, and may even involve the problem of distinguishing the Marxist points of view from the non-Marxist or even anti-Marxist points of view. Such being the case, we must proceed cautiously to identify which are Marxist and which are not. Let everybody express his views, and then discuss them. Let the discussions lead to conclusions, and in certain cases the conclusion may have to come from actual application.

Socialism is a planned economy, and planning is the basic characteristic of the socialist economy. The reform of the socialist economic institutions should aim at improving planning instead of cutting it back. The question is how to improve planning. First of all, planning itself must be scientific, and there must be various ways to ensure planning and to improve on it.

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CSO: 4006/656

NATIONAL POLICIES AND ISSUES

'JINGJI YANJIU' REPORTS ON MINORITY AREAS DEVELOPMENT

HK241556 Beijing JINGJI YANJIU in Chinese No 12, 20 Dec 82 pp 39-45

[Article by Li Mingzhe [2621 2494 0772], of the Economic Research Institute of the Shanghai Academy of Social Sciences, and Pei Junsheng [5952 0193 3932], of the Economic Research Institute of the Chinese Academy of Social Sciences: "An Exploratory Discourse on Economic and Social Development Strategies in China's National Minorities Areas"]

[Text] Social productivity is organically composed of the productivity of various departments and regions that conditions and are related to each other. The productivity of a country usually includes the systems of regional productivity with different structures and different levels of development. If we roughly dissect the regional structure of the productivity of China, we will find, whether we use the method of "dividing into two" (east and west China) or "dividing into three" (east, central and west China), that the economic situations of national minorities regions in our country basically represent the level of the productivity of the backward regions in west China. Therefore, to study the economy of the backward regions in west China actually means to study the economy of minority areas because the economy is determined by the location of various nationalities and the regional location of productivity in our country.

Ours is a socialist country that is formed by the people of various nationalities. There are 55 minority nationalities, with a population of more than 60 million, aside from the Hans. Most minority nationalities are living in the western part of the country, which makes up 60 percent of the country's total area. Prior to liberation, the productivity in this part of China was very low and it was still lower than the regions where the Hans are living. In early liberation days, the majority of the more than 30 million minority nationalities were living in the pre-capitalist stage, and quite a number of them were living in the stage of feudal serfdom and the slave system; some even still maintained the remnants of primitive communes. Following the collapse of the "three big mountains" after liberation and the abolishment of class and national oppression, the people of various nationalities began to enjoy the right of equality politically and legally. They have, as well, formed the socialist system, with its superiority that is no match for the various social and economic forms in the previous period. As a result, the economy and culture of the various nationalities have developed rapidly to form a solid foundation for achieving further progress and prosperity. But

because of the reasons known to all, like other parts of the country, the minority areas have also experienced a tortuous path and have gained profound experiences and lessons in the process of developing their economy. Today, it is true that the economy in minority areas is developing unequally, but taken as a whole, they are still lagging behind the regions in the eastern and central parts of the country. Under the new historical period and under the guidance of the state general economic development strategic goal, strategic focal points and strategic measures, how to further develop the economy and culture of minority areas, to gradually abolish the differences among nationalities which were left over from history and to promote the common prosperity of the big family of the motherland have become a major and considerable subject in studying and defining the economic and social development strategies of China. The following are our views about the economic and social development strategies of minority areas in China.

I. It Is Imperative To Pay Much Attention to Economic and Social Development Strategies

The premise for a country and nation to prosper is not only to establish a superior social system, but also to select a correct economic development strategy. Economic development strategy refers in general to the basic goals and keys of the development of a country or region in carrying out economic construction during a relatively long period and the basic principles, measures and procedures for carrying out the principles and measures that are to be taken to realize the goals. In their study of the economic development strategy of the developing countries in their efforts to develop from backwardness to modernization, foreign scholars have formed an independent science which is called "Development Economics." [HK241558] In general, the theory and methods we are using in the study of development strategy in our country differ from those used in other countries, and there is no hurry for us to name certain scientific terms. But the study of development strategy is indispensable and merits our particular attention.

The mistakes we made in the economic construction of our country since the founding of the PRC, including economic construction in minority areas, are purely strategic mistakes. And when our economic construction was suffering from serious setbacks, strategically or partially, we were still able to do a good job in certain areas, such as some projects were rapidly put into production and some breakthroughs were made in scientific research. There is no doubt that these achievements have played a good role in our national economy, but they can in no way turn around the passive situations of the whole which were caused by strategic mistakes. Practice proved that if a country or region makes serious mistakes in development strategy, it will not be possible to control the whole situation macroscopically, nor will it be possible to display well the advantages of planned economy. If we do not pay enough attention to strategy, it is often in our daily work that we become vague in our goal and orientation, pay attention to intermediate interests only and fail to combine well the works of solving problems temporarily with that of solving them permanently. There will even occur contradictions between tactics and strategy. Therefore, stepping up the study of development strategy and, in particular, strengthening the study of planning and location and

understanding the law governing these aspects are vital for the failures or successes of economic construction as a whole.

Tremendous achievements have been made in economic construction in minority areas over the past 3 decades and more and the party's nationalities policy is correct. In 1979, total industrial and agricultural output value in minority areas was more than 900 percent higher than the figure in early liberation days. By the end of 1979, investments made by the state on capital construction in such areas amounted to more than 60 billion yuan. (Hua Jushan: "National Minorities in China," "Economic Yearbook of China," Vol 1, 1981, p 32.) Big and modern enterprises have been built, such as the Baoshan Iron and Steel Company, forestry industrial enterprises on bigger Xing'an Mountain, the Kelamayi oilfields and the Liujia gorge and Qington gorge power stations; a number of primary transportation lines have been built; and the various minority nationalities have trained their own workers. The material and cultural life in minority areas has also been considerably improved thanks to economic development. These are facts that have been witnessed by all, and yet we must acknowledge that some serious mistakes have occurred in carrying out economic construction in minority areas. Putting aside major reasons for these mistakes, there are also many lessons if we judge these mistakes from the point of the work in defining economic and social development strategies. For example: First, we did not systematically and profoundly study development strategy, nor did we provide a scientific foundation and good related laws for defining strategy by combining well natural science (such as ecology) with social science (such as economics and the science concerning nationalities). For example, because of strategic mistakes, a number of minority areas opened up barren lands at the expense of forests and grasslands when they were implementing the principle of "taking grain as the key," only to seriously damage the ecological structure. And even under the conditions of modern and scientific technology, it will still require a comparatively long period and enormous financial and material resources before we are able to return the ecological balance to normal. In industrial construction, many areas blindly followed the principle of "taking steel as the key" and their own self-styled industrial system, without giving consideration to regional and national features. As a result, there occurred a number of problems in regional industrial location and the economic structure, affecting the economic development of minority areas. Second, the development strategy was not stable and continuous. Since the founding of the PRC and particularly prior to the mid-1950's, minority areas in China had accumulated considerable and efficient experiences in economic construction. Should we constantly sum up these experiences, follow objective law and respect the will of various minority nationalities, we would have made still greater achievements. [HK241600] For quite a long period in the past, our development strategy departed from reality or was not stable enough. Consequently, it resulted in lower economic efficiency. Third, specialized departments and personnel did not carry out enough study of development strategy and there was much to be desired in their coordination. For a long period, economic planning departments were basically engaged in routine work and in handling investments and goods and materials. The defining of planning was often carried out according to stereotype; there were no personnel specialized in studying regional economic and social development strategies in areas, including minority areas, while various regions conditioned each

other economically. In particular, there was no unified study of location and regional planning. Therefore, strategically there was no comprehensive balance between economic development and social development.

II. The Strategic Position of the Economy of Minority Areas in Economic and Social Development in China

Comrade Mao Zedong said in the 1950's: "Our national economy cannot do without the economy of minority nationalities." ("Selected Works of Mao Zedong," "The Debate on the Cooperative Transformation of Agriculture and the Current Class Struggle," vol 5, p 214.) Up to now, not all of us have come to understand the important position of the minority regional economy in the development of the economy and society in China. For example, some people see this question from the point of the proportion of the whole economy of the gross industrial and agricultural output value and financial income of minority areas, while some others see this from the point of the population of each area and its proportion in the country. According to our view, in such a socialist country as ours with many minority nationalities, the strategic position of the minority nationalities economy in the economic and social development of our country cannot be judged merely from the goals of economic strategy. This strategic position must be understood and defined on the basis of profoundly analyzing our national conditions and the conditions of minority areas by resorting to a systematic and complete development viewpoint and using various factors, such as economy, society, nature and even national defense. In defining economic and social development strategies, it is important to follow this view: the national economy of our country cannot depart from the minority nationalities economy, nor can the latter depart from the former.

The significance of developing the economy and culture of minority areas is not limited to backward regions; the significance is far beyond this limit.

1. When viewed from the point of social development and according to the Marxist viewpoint, when a proletarian party has completed its task of eliminating national oppression, its basic task in carrying out nationalities work during the socialist historical period is to develop the economy and culture of various nationalities, abolish inequality among them that is left over from history and promote their common prosperity and development so that they will have the chance to join the ranks of modernization. When the levels in the development of economy and culture of various nationalities are closer to each other, the people of various nationalities will have more common factors and, consequently, their unity and amicable relations will be further strengthened. Such is a historical task of the proletariat with regard to nationalities during the socialist period. It is also a representation of the advantages of the socialist system and it shows that it is only under socialist conditions that inequality among nationalities can be resolved.

2. When viewed from the point of national defense and strengthening people's democratic dictatorship, most minority areas in China are frontier regions of strategic importance to national defense. The majority of minority nationalities are in these border regions that have a frontier stretching more than

21,000 km. Under complicated international situations and particularly under the conditions of modern war, it is very important to maintain the unity and stability of these regions that make up most of China's frontier and 60 percent of the total area of the country.

3. When viewed from the point of further developing the economy and particularly from the point of realizing rational location of productivity and exploitation of resources, the minority regional economy has a very important position in the national economy. Since liberation, the state has supported minority areas in the form of finance, goods and materials, talent and technology, and this measure has promoted in a big way the development of the economy and culture in these areas. [HK241602] But we must also understand that these areas have rendered tremendous support to the state and advanced coastal areas and have made great contributions in such resources as oil, ore products, animal husbandry products, timber and rare animals and plants. In the 1950's, they supplied enormous amounts of grain to the state. When viewed from the trend of their future development, these minority areas will have an increasingly important strategic position. Of the 29 provinces, regions and municipalities in China, 8 provinces and regions are particularly rich in energy resources. These eight provinces and regions are minority provinces and regions in west China, besides Shanxi Province. These places are also very rich in other resources. For example, the deposits of rare earth resources of the Baiyunbo Mine in Nei Monggol rank first in the world. In addition, 90 percent of grassland acreage, 50 percent of forestry deposits, the "kingdom of animals" and the "kingdom of botany" are all situated in minority areas. But because of various reasons, such as limited state finance, material resources and technology, it is difficult to widely exploit and utilize these resources in a short period; but when viewed from a long point of view, these resources are important strategic reserves in China.

4. When viewed from the point of harnessing land and transforming nature, the position of minority areas is also very prominent. Geographically, the situations of the natural ecologies of the minority areas in west and north China have a tremendous effect on other regions. A number of land harnessing projects in China are strategically important. For example, the building of shelter belts in Nei Monggol, a province and a region in north China, and water and soil conservation projects and afforestation along the middle and lower reaches of the Changjiang River are not only in the interest of the people of various nationalities but are also aimed at improving the environment in the eastern and central parts of the country and at harnessing rivers so as to basically harness the land across the country.

Apparently, if we study the economic and social development strategies of China without studying minority areas, such study is far from being complete.

III. The Guiding Ideology in Working Out the Economic and Social Development Strategies for Minority Areas

The minority areas mentioned here have two connotations. In a narrow sense, they refer to the areas purely populated by nationality minorities, while in a broader sense, they include the areas where the Hans, who are in great number,

are living. A number of minority areas in China are populated by both minority nationalities and the Hans. In general, a considerable number of Hans live in minority areas. Therefore, when we are talking about the economy of minority areas, this economy in fact includes the economy of the Hans. (Hua Jushan: "National Minorities in China," "Economic Yearbook of China," vol 1, 1981, p 28.)

Regional development strategy differs from state development strategy and they both represent the part and the whole. Regional development strategy is defined, under the guidance of the state general development strategy, according to specific regional conditions and on the basis of coordination with departmental development strategy. Some people have said that at present there exist "three worlds" in the regions with different economic development. This illustration may be misleading. The economic relations among various regions within a socialist country differ in nature with the economic relations between advanced countries and underdeveloped countries in the world. The establishment of the socialist system has provided a basic condition for eradicating seriously unbalanced regional economic development left behind by history. The national economy of China is an organic entity and while there exist some differences in economic development and partial economic interest among regions in the country, basically speaking, there exist the fraternal relations of unity and mutual help that are characterized by common interest and mutual dependences. The state has spared no effort through distribution of national revenues and other means to narrow regional differences. For example, the state every year provides subsidies to backward provinces and regions and minority areas, undertakes construction in frontier areas and capital construction in border regions and places of minority nationalities and provides financial support to the development fund for backward regions so as to support the economic and cultural development of these places. It is beyond the reach of advanced and developing countries in the world to provide such assistance unconditionally. [HK241604] But it does not mean that it is not necessary for us to study and learn from the experiences of other countries; nor does it mean that we can deny regional features and regional economic interests, and particularly those of minority areas. On the contrary, we must, through the study of the features, expose the law of these features so as to promote the scientific foundation for defining regional development strategy.

According to our view, attention must be paid to the following points with regard to guiding ideology in defining the economic and social development strategies or minority areas:

1. In selecting strategic goals, we must proceed from the point of modernization. There is no doubt that minority areas will sooner or later carry out the modernization program. But modernization does not merely mean productivity; it includes many other things. Some comrades are right when they suggest the inclusion of the modernization of the relations of production and superstructure. (Xue Baoding: "On the History of Modernization," Hongqi, No 24, 1980.) It is true that developing production is the basis for developing other undertakings. But we must in no way stress the importance of certain goals and neglect that of others; we must pay attention to coordinating various goals. We must understand that various goals condition each

other and we must spare no effort to achieve the best body of strategic goals. In the study of the strategy of developing countries, there exist the so-called "traditional development strategy" and "new development strategy" in foreign countries. The former means to strive to increase GNP through massive industrialization and urbanization so that the country concerned will prosper and become rich. But most developing countries have failed to achieve satisfactory results in carrying out this strategy. The latter is a strategy that is being probed. The feature of the strategic goal of this method is that it not only pays attention to per capita GNP and the degree of modernization, it also pays very much attention not only to economic development but also to the goal of social development. The economic development level of coastal regions in China is relatively high, but because of the shortcomings of the economic structure in these regions left over from the semicolonial era and because of strategic mistakes made since the founding of the PRC, these regions have also met such problems that cannot be resolved in the period of their development, such as excessive concentration of industry and the "inflationary malady" of big cities. As minority areas will be relatively late in starting the modernization program, they will be able to avoid the tortuous paths experienced by other parts of China and by other countries. Average per capita output value and income represent a major yardstick for economic and social development but, strictly speaking, it is not an overall yardstick. Therefore, other yardsticks are needed, such as people's level of actual consumption, distribution structure, educational level, technical level, health level and environment. Even the same per capita output and income will have much different contents because of different structure and social development goals other than economy. The average per capita national revenues of the oil-producing countries in the Persian Gulf are among the highest in the world, but we cannot say that these countries are the most advanced in the world. The proportion of the average income of commune members and town populations in many minority border areas have already surpassed that of coastal provinces in China. For example, in 1980, the average per capita income of commune members in Xinjiang, Qinghai and Xizhang overtook that in the coastal provinces of Fujian, Zhejiang, Jiangsu, Shandong and Hebei; the proportion of town populations of the provinces and autonomous regions of Nei Monggol, Xizhang, Xinjiang, Ningxia and Qinghai surpassed that of the coastal provinces of Guangdong, Fujian, Zhejiang, Jiangsu, Shandong and Hebei, but we cannot say that these places have a higher level of modernization than coastal provinces. So are the situations among minority areas themselves. For example, statistics showed that in 1980, the average per capita income of commune members in Xizhang was higher than Nei Monggol, but we cannot consequently say that the modernization of the animal husbandry region in Nei Monggol is lower than Xizhang. Therefore, if in selecting strategic goals we do not consider the modernization of nationality minorities goals, do not consider improving economic efficiency as the key to economic development and measure these goals according to one of several economic goals, we may find ourselves lopsidedly seeking output value and speed or there may appear a tendency of giving prominence to a single industry alone, and such a situation is not in the interest of national prosperity and development.

[HK241606] 2. In carrying out the modernization program, it is necessary to follow the strategy of making progress step by step. Like the modernization

of the whole country, the modernization of minority areas is also a historical task. This task is more arduous and takes a longer time than eliminating national oppression. In carrying out modernization, it is necessary to have a sense of responsibility and urgency, while the concept of time and efficiency are required in daily work. But on the other hand, we must proceed from national conditions and the ability of our country and define our goals in stages. At the same time, we must understand that the unbalanced situations in the economic development between coastal regions and those in the hinterland will continue to exist for a long time to come and, therefore, we must not be hasty in making achievements. It is not easy to turn China, with a population of 1 billion, into a really powerful country with high modernization and civilization. The total national revenues and the output of major industrial and agricultural products of China will become among the highest in the world in 2000, when the material and cultural life of the Chinese people will become quite well-off. Because of their lower basis, minority areas in China may be able to develop their economy quicker than the rest of the country, but they require a longer period of hard work before they realize high modernization. The directives issued by the CPC Central Committee in 1981 about economic construction in Nei Monggol said: "The principle of economic construction in the Nei Monggol Autonomous Region is to be determined to use the spirit of the foolish old man in removing mountains, proceed from reality and take the road of diversified economic management with forestry and animal husbandry as the key in the next 2 to 3 decades or even 5 decades." (RENMIN RIBAO, 25 Ma-ch 1982.) This directive shows that it is not easy for a minority nationality to bring about the grandiose goal of modern civilization; it needs strenuous efforts by generations.

3. The development of economy must be carried out from using the extensive method as the center to using the intensive method as the center so as to change strategy. When viewed from the point of the development of productivity by mankind, the extent of intensive production is often composed of improvement of the civilization of mankind. The extent of intensive production of a nationality or a country is inseparable from the level of scientific technology and management. The relative backwardness of the level of economic development in minority areas is represented in the low level of intensive production. The intensiveness here not only refers to intensive farming, high quality of livestock, high livestock marketable rate, high commodity rate, high circulation rate and the industry that is carrying out intensive production as the main, but also refers to the whole process of social production that should be turned from using the extensive method to using the intensive method and refers to the various links of social production that must spare no efforts to realize intensive production. Minority areas are still far behind coastal regions in average per capita industrial and agricultural gross output value and this difference is mainly caused by economic efficiency. If we do not try to improve economic efficiency through intensive production, it will not be possible to smoothly develop the economy and society in minority areas. The natural conditions in minority areas also show that it is impossible to continue to expand reproduction through the extensive method. It is true that such areas are vast and scarcely populated but, with the exception of a few areas, their average per capita arable land is limited. [HK241608] This situation is particularly so in south China minority areas. The areas in

north China, however, are characterized by a short frost-free period and a low multiple crop index; therefore, their cultivated land is also limited. The "two systems of contracting responsibilities" have been introduced in Nei Monggol rural areas and, as a result, one-third of the labor force in these areas is surplus. (Zhou Hui: "Actively Lead Surplus Labor Force in Rural Areas To Work Hard 'On Land,'" NEI MONGGOL DAILY, 20 July 1982.) It has been proven that it will not do to expand reproduction by expanding cultivated land at the expense of grassland and forests. Such problems as livestock exceeding raising capacity, degeneration of grasslands and sand expansion have cropped up in grazing areas. Industries in these areas are lagging behind those in coastal regions, but a number of new enterprises have been built in these areas and many of these enterprises are more advanced than those in coastal regions in equipment, workshops and welfare facilities; the potential of these enterprises is yet to be further exploited and their economic efficiency is very low. Similar problems also existed in such sectors as commerce, circulation and scientific education. Therefore, it is necessary to proceed from many aspects and take comprehensive measures so as to realize strategic change from extensive production to intensive production.

4. In rationalizing regional economic structure, it is necessary to get rid of the bondage to the view of natural economy and carry out division of work among regions according to the features of various regions and nationalities. Historically, the division of work has developed along with the development of productivity, while the development of the former promotes the development of the latter, it is difficult for a nationality to prosper in an isolated situation. It will prosper rapidly only through its contacts with other nationalities in developing economy and culture. Even within a minority region, rational division of work and exchanges are required. Marx and Engels said: "Mutual relations among various nationalities depend on the extent of the development of productivity, division of work and internal exchanges. This principle is generally acknowledged. Not only the relations between a nationality and other nationalities but also the whole inner structure of a nationality depend on the extent of the development of the productivity of this nationality and its internal and external exchanges." (Feuerbach, "Selected Works of Marx and Engels," vol 1, p 25.) The system of modern productivity is not a feudal system; it is an open system and it must constantly carry out exchanges with the outside world in goods and materials, information and other areas. In selecting the structures of industry, products and technology, minority areas must, under the state planned guidance, follow the principle of displaying advantages and avoiding shortcomings and form rational systems for division of work and coordination with other regions in the country. This practice is in the interest of both the state and minority areas. Although there are still a number of problems in the present price system and other systems in China that have affected the rational location of productivity, we must in no way waver in strategic guiding ideology. Of course, in practice, the kind of structure to be formed by minority areas must be based on natural features and economic features of each area and on the needs of the masses in production and their life, and proper arrangements must be made. [HK241610] Taken as a whole, in carrying out agricultural production, the minority areas in west China must carry out diversified economic management with forestry and animal husbandry as the key, with the structure of combining forestry

with animal husbandry and agriculture. But each area must build its own internal structure according to its conditions. Arrangement of varieties must be carried out according to customs and habits of various nationalities. For example, in defining the structure of the varieties of grains, we must in no way neglect broom corn millet in Nei Monggol and highland barley in Xizhang. The location of industrial construction must be carried out according to the law of "direction" but, at the same time, we must pay attention to social situations in minority areas, honestly listen to opinions of the people of minority areas, honestly listen to opinions of the people of minority nationalities and make rational arrangements according to local capability. Financial strategy must also be arranged according to cultural and technical level and the digestive capability of minority areas. At the same time, the minority areas themselves must cooperate and coordinate so that they will be able to use state financial, material and technical resources effectively to promote a stable growth of regional economy.

5. In carrying out the modernization program, it is necessary to give prominence to developing transportation and education in minority areas. Modern productivity can be divided into three layers. The first layer is direct material means of production. The second layer is infrastructure to guarantee a smooth implementation of the first layer of productivity, and such infrastructure includes transportation, post and telecommunications, commerce and finance. The third layer is the basis for guaranteeing that the productivity of the first and second layers display their roles most effectively, and it is in a position to promote the development of productivity even quicker. Productivity layers do not exist, or their existence is not apparent, under primitive or backward production conditions. But the layers of contemporary and modern productivity are becoming more apparent. The productivity in minority areas must pay attention to the latter two layers in moving into modernization. That is to say, we must put education and scientific technology in minority areas in an important position. It is known that before liberation, the economy and culture in minority areas were backward. An important reason was that these areas were inaccessible to traffic and were closed to the outside world. The history of China and other countries showed that backward traffic is often the direct reason for backward culture and that developing transportation is the beginning of the popularization of civilization. Backward transportation is also an important reason for backward commodity economy in minority areas. Following liberation, the party and state have been very much concerned with transportation in minority areas. In spite of economic difficulties, we have built the Sichuan-Xizhang highway and the Qinghai-Xizhang highway, and these projects were followed by the building of the Baotou-Lanzhou railway, the Lanzhou-Xinjiang railway, the Lanzhou-Qinghai railway and the Ya [3360]-Lin [2651] railway. A number of primary transportation lines have also been built in minority areas since the Fourth 5-Year Plan. Statistics showed that in 1979, railway mileage in minority areas was 330 percent longer than early liberation days and highways increased by 1,850 percent, with the speed of development exceeding the average level. But as minority areas are vast and have very weak foundations, transportation remains an important factor that affects the further economic and cultural development in these areas. Therefore, in defining development strategy, we must regard transportation as the primary foundation and put it in an important

position. Of course, which of the five transportation forms to be developed depends on specific conditions. The development of education, science and technology in minority areas must also be regarded as a strategic measure and a strategic goal. Education and scientific technical departments are involved in talent production and they are becoming more important in modern productivity. In a sense, the so-called economic competition and economic superiority in the world today are, in the final analysis, the competition of scientific technology and the superiority of talent. The foundation of science and technology is education. [HK241612] Rich natural resources of a region only represent potential superiority; they will become actual superiority only when they are combined with technical superiority. When a nationality has higher average income and enjoys rich material life, we cannot say it is prosperous and advanced. The differences among nationalities can be narrowed down only when the various nationalities have enjoyed advanced education, scientific technology, culture and art and they have their own specialized personnel. Therefore, the prosperity of education, science and technology and talent represent important and required prosperity of nationalities. Since liberation, the education, science and technology in minority areas have developed tremendously thanks to the concerns of the party and state. The number of university, secondary school and primary school students has been increased by dozens of times. The 55 minority nationalities now have their own university students and a number of specialized personnel with a relatively high level. But all these are not enough. These situations must be put in a higher strategic position so as to further develop science, education and culture of nationalities and train their own specialized talents in a big way. In addition to school education, it is also important to carry out education among staff and workers so as to improve the cultural level of nationalities. A nation will be able to join the ranks of the advanced nations in the world only when it has developed its science, technology, economy and society.

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NATIONAL POLICY AND ISSUES

INCREASE IN SHANGHAI'S INDIVIDUAL PRODUCTION

Shanghai JIEFANG RIBAO in Chinese 22 Aug 82 p 1

[Article by JIEFANG RIBAO correspondent: "Shanghai Industry On Track of Rational Coordinated Development of Production; Seriously Eliminate "Leftist" Leadership Mentality, Activity Implement Economic Readjustment Program"]

[Text] Since the Third Plenum of the Eleventh CPC Central Committee, the Shanghai industrial departments have weeded out the erroneous "leftist" guiding ideology, carried out the program of the national economic readjustment and overhauled the structure of their industry and products. As a result, the industrial structure has undergone encouraging changes which usher in a rational and coordinated development of industrial production.

Better ratios within the industry.

In the last 30 years between 1950 and 1978, the heavy industry of Shanghai increased at an average annual rate of 16.6 percent while the average annual increase of its light industry was only 9.1 percent. The light industry had grown at a rate lower than that of the heavy industry which counted for about 60 percent of all the industry in Shanghai. For years many light industrial enterprises which ought to be developed just could not obtain the capital needed for investment, nor qualify as construction projects. Due to poky and crowded factory buildings and grounds, and outmoded equipment, many light industrial enterprises were unable to improve their production conditions. With their productive capacity overtaxed to saturation, the consumer goods they were able to produce were not enough to meet the need of the domestic and foreign markets and provide what is required to raise the people's standard of living. The situation has changed a great deal after 3 years of readjustment. In 1981 the output value of the light industry of Shanghai rose by 35 percent over that of 1978, an average annual increase of 10.4 percent in the last 3 years. The ratio of the output value of the light industry in the total industrial output value of Shanghai rose from 49.3 percent in 1978 to 55.9 percent, exceeding that of the heavy industry. In a period of 3 years, the light industrial departments of Shanghai have provided the domestic and foreign markets with additional commodities valued at 17.9 billion yuan. This has brought about more brisk trading, greater economic vitality, more support for the national construction, and more supplies to meet the needs of the people. Due to the reduction of capital constructions

by the state in the past 3 years, the heavy industry has cut back its production of equipment. In spite of a slower rate of growth, the internal structure of the heavy industry has changed. The ratio of the raw and processed material industry in the output value of the heavy industry rose from 40.5 percent in 1978 to 43.1 percent in 1981, while the ratio of the manufacturing industry dropped from 59.5 percent down to 56.9 percent. The development of the raw and processed material industry has enabled the processing industry to improve its product quality and turn out higher grades and new generations of products.

Stronger cross connections within the industry.

In the past, the industry of Shanghai relied on "self-struggle for the light industry and self-recycling for the heavy industry". This is no longer true. Now the new relationship between heavy and light industry, between the different lines of the light industry and between the different lines of the heavy industry is based on mutual service, mutual assistance, mutual promotion and mutual motivation. Mindful of the needs of society, the heavy industrial sectors of Shanghai, including the metallurgical, chemical, engineering, instrument and meter factories, have redirected their service priorities in the last 3 years. Having cut back the production of the products in abundant supply, they are pushing for the production of more products in short supply which are urgently required by the various trades and enterprises. This enables the various sectors of the heavy industry to grow and become more adaptable and versatile as they produce more raw and processed material and equipment for the other industrial departments and the various sectors of the national economy on the one hand and more consumer goods for the market on the other. After readjusting the product structure, the various sectors of the heavy industry have been producing much more raw and processed material in short supply for the light and textile industries. The ratio of the volume of steel plates, welded steel pipes, strip steel, and small-size steel products manufactured in Shanghai in the total volume of steel products produced in the whole city rose from 34.6 percent to 42.4 percent. The production of cation, dispersing and other high quality dyestuffs increased at an average annual rate of 7.3 percent. The production of bicycle tires rose at an average annual rate of 14.2 percent. The production of machines and equipment required by the light and textile industries has been increasing at a fast pace. The ratio of the manufactured light and textile machinery in the industrial equipment manufacture of Shanghai rose from 10.7 percent in 1978 to 17.1 percent in 1981.

Changes in the structure of industrial products.

The medium and high grade products have increased in the past 3 years. There has been a marked increase of durable consumer goods, such as wrist watches, bicycles, sewing machines, radios, television sets, recorders, cameras, electric fans, electric meters, and washing machines.

In recent years the various enterprises, corporations, bureaus of industry and the city itself have been pushing for the production of more representative consumer goods which are daily necessities, short in supply, unique and

popular, and likely to withdraw more currency from circulation. Last year, Shanghai turned out 17 categories of 22 different groups of medium and high quality commodities worth nearly 1 billion yuan, a 21.5 percent increase in production over that of the year before the last. It has also introduced a number of new lines of industry and new products. The production of therapeutical nutrition food products, chemicals for daily use, movie camera supplies, packaging and decorative materials, new synthetic fibers, knitwear, new dyestuff, plastics, paints, household electric appliances, and electronics for civilian use has increased so much that they are becoming a dominant factor in the industrial development of Shanghai. It has also developed lots of "new four" products to do away with the "old image," "old patterns", and decades-old "stereotypes." More than 90,000 items of these are new lines of products in new colors, new designs and new packaging which have been trial-produced in the last 3 years at a rate of more than 30,000 items per year by the bureaus of light, textile and handicraft industries, scoring an 18.4 percent increase over that of 1978.

Greater economic effectiveness.

After 3 years of readjustment, all the industries in Shanghai have begun to restructure their production according to the requirements of society. As the means of production and the consumer goods they produce now are much easier to market, they no longer have a huge stock of goods on hand. This helps release more capital for circulation. Having achieved greater economic effectiveness, it is no longer true that there is "good news for the industry, but bad news for commerce which is loaded with overstocking and financial deficits." Reinforced by better management, the enterprises are now able to improve the quality of most products, cut down the cost and the consumption of raw material, fuel and energy. The ratio of energy consumption by all the industries of Shanghai per 100 million yuan in output value went down by 3.2 percent in 1981 compared to that of 1980, or 15.8 percent less than that of 1976. The growth of the industry in the last 3 years has brought down the price of many industrial products, a substantive gain to the masses of people.

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AGGREGATE ECONOMIC DATA

NATIONAL, PROVINCIAL-LEVEL AGGREGATES

[The following selected national and provincial-level aggregate economic data have been extracted from various sources as indicated. In the table below, dates in the first column indicate periods compared, the gross value of industrial output is abbreviated as GVIO, heavy industry as HI, light industry as LI, textile industry as TI, gross value of agricultural output as GVAO, and gross value of agricultural and industrial output as GVAIO.]

National Aggregates

<u>Date of period of comparison</u>	<u>Increase in percent</u>	<u>Value, in yuan</u>	<u>Percentage of annual plan</u>	<u>Source</u>
1982: 1981 Jan-Nov	GVIO: 7.7	505.2 b		1
1982: 1981 Jan-Nov	LI: 6.0	254.5 b		1
1982: 1981 Jan-Nov	HI: 9.5	250.7 b		1
1982: 1981 Jan-Nov	Coal: 6.4	58.86 b tons		1
1982: 1981 Jan-Nov	Crude Oil: 0.9	93,322 m tons		1
1982: 1981 Jan-Nov	Natural Gas: -6.3	10,790 m cubic meters		1
1982: 1981 Jan-Nov	Electricity: 6.3	296,120 m kwh		1
1982 Nov: 1982 Oct	GVIO: 4.8			1
1982: 1981	GVIO: 7.0	554.0 b		2

Provincial-Level Aggregates

<u>Date of period of comparison</u>	<u>Increase in percent</u>	<u>Value, in yuan</u>	<u>Percentage of annual plan</u>	<u>Source</u>
<u>Anhui</u>				
1982: 1981	GVIO: 11.6			3
1982: 1981	LI: 13.0			3
1982: 1981	HI: 9.0			3
<u>Beijing</u>				
1982: 1981	GVIO: 5.5	25.0 b		4
1982: 1981	LI: 3.0	10.8 b		4
1982: 1981	HI: 7.7	14.3 b		4
<u>Fujian</u>				
1982: 1981	GVIO: 7.0	8.75 b		5
1982: 1981	LI: 6.2			5
1982: 1981	HI: 8.4			5
1982: 1981	Coal: 4.7			5
<u>Gansu</u>				
1982: 1981	GVIO: 7.3	7.78 b		6
<u>Guangdong</u>				
1982: 1981 Jan-Nov	GVIO: 8.5	24.4 b		7
1982: 1981 Jan-Nov	LI: 9.0			7
1982: 1981 Jan-Nov	HI: 7.0			7
1982: 1981	GVIO: 8.1		101.1%	8
<u>Guangxi</u>				
1982: 1981	GVAIO: 8.3			9
1982: 1981	GVIO: 7.5			9
1982: 1981	LI: 8.01			10
1982: 1981	HI: 8.55			10
1982: 1981	GVAO: 9.0	12.75 m tons		9
<u>Guizhou</u>				
1982: 1981 Jan-Nov	GVIO: 18.5		111.5	11
1982: 1981 Jan-Nov	LI: 22.9			11
1982: 1981 Jan-Nov	HI: 22.88			11

Provincial-Level Aggregates

<u>Date of period of comparison</u>	<u>Increase in percent</u>	<u>Value, in yuan</u>	<u>Percentage of annual plan</u>	<u>Source</u>
<u>Hebei</u>				
1982: 1981 Jan-Nov	GVIO: 4.0			12
1982: 1981 Jan-Nov	LI: 4.9			12
1982: 1981 Jan-Nov	HI: 6.0	26.67 b		12
1982: 1981	GVIO: 6.4	26.67 b		13
1982: 1981	HI: 8.1			14
<u>Hubei</u>				
1982: 1981	GVIO: 10.24	27.8 b		15
1982: 1981	LI: 6.6			15
1982: 1981	HI: 14.2			15
<u>Hunan</u>				
1982: 1981	GVAO: 6.0			16
1982: 1981	grain:	46.5 b jin		16
<u>Jiangsu</u>				
1982: 1981	GVAIO:	72.0 b		17
1982: 1981	GVIO: 7.9	52.59 b		17
1982: 1981	grain: 12.1	26.3 tons		17
<u>Jilin</u>				
1982: 1981	GVIO: 7.35			18
<u>Liaoning</u>				
1982: 1981	GVIO: 5.4			19
<u>Nei Monggol</u>				
1982: 1981	GVIO: 13.2			20
1982: 1981	LI: 7.5	102.43		20
<u>Ningxia</u>				
1982: 1981 Jan-Nov	GVIO: 14.7			21
<u>Qinghai</u>				
1982: 1981	GVIO: 10.2	1.265 b	110.6	22
1982: 1981	LI:		109.8	22
1982: 1981	HI:		111.2	22

Provincial-Level Aggregates

<u>Date of period of comparison</u>	<u>Increase in percent</u>	<u>Value, in yuan</u>	<u>Percentage of annual plan</u>	<u>Source</u>
<u>Qinghai (cont'd)</u>				
1982: 1981 Jan-Nov	GVIO: 12.8		102.5	23
1982: 1981 Jan-Nov	LI: 12.8			23
1982: 1981 Jan-Nov	HI: 3.2			23
<u>Shaanxi</u>				
1982: 1981	GVIO: 7.0	11.2 b	103.5	24
1982: 1981	HI: 16.1			25
<u>Shandong</u>				
1982: 1981	GVIO: 6.81		103.67	26
1982: 1981	LI: 5.89			26
1982: 1981	HI: 8.01			26
1982: 1981	GVAO:	22.2 b		27
1982: 1981	grain:	47.0 b jin		27
1982: 1981 Jan-Nov	GVIO: 6.7		93.9	28
<u>Shanghai</u>				
1982: 1981	GVIO: 4.5	27.35 b		29
1982: 1981	LI: 3.6			29
1982: 1981	HI: 5.7			29
<u>Sichuan</u>				
1982: 1981	GVIO: 9.3	30.1 b		30
1982: 1981	LI: 5.4			30
1982: 1981	HI: 13.4			30
<u>Tianjin</u>				
1982: 1981	GVIO: 6.0			31
<u>Yunnan</u>				
1982: 1981	GVIO: 12.39	7.96 b		32
1982: 1981	LI: 14.5	3.97 b		32
1982: 1981	HI: 10.34	3.98 b		32
1982: 1981 Jan-Nov	GVIO: 8.3	736.0 m	97.96	33
1982: 1981 Jan-Nov	LI: 14.6			33
1982: 1981 Jan-Nov	HI: 11.3			33

Provincial-Level Aggregates

<u>Date of period of comparison</u>	<u>Increase in percent</u>	<u>Value, in yuan</u>	<u>Percentage of annual plan</u>	<u>Source</u>
<u>Xinjiang</u>				
1982: 1981	LI: 14.2		106.8	34
<u>Xizang</u>				
1982: 1981 Jan-Jun	GVIO: 5.0			35
1982: 1979	GVAO: 41.0			36
1982: 1979	GVIO: 9.1			36

Source

1. Hong Kong CHINA ECONOMIC NEWS in English No 50 27 Dec 82 pp 4-5
2. Beijing GUANGMING RIBAO in Chinese 30 Dec 82 p 1
3. Beijing RENMIN RIBAO in Chinese 7 Jan 83 p 1
4. Beijing RENMIN RIBAO in Chinese 8 Jan 83 p 1
5. Fuzhou FUJIAN PROVINCIAL SERVICE in Chinese 1120 GMT 10 Jan 83
6. Lanzhou GANSU PROVINCIAL SERVICE in Chinese 1125 GMT 8 Jan 83
7. Guangzhou GUANGDONG PROVINCIAL SERVICE in Chinese 1000 GMT 12 Dec 82
8. Guangzhou GUANGDONG PROVINCIAL SERVICE in Chinese 2350 GMT 10 Jan 83
9. Beijing XINHUA in English 1252 GMT 4 Jan 83
10. Nanning GUANGXI REGIONAL SERVICE in Chinese 1130 GMT 9 Jan 83
11. Guiyang GUIZHOU PROVINCIAL SERVICE in Chinese 1100 GMT 8 Jan 83
12. Shijiazhuang HEBEI RIBAO in Chinese 2 Jan 82 p 1
13. Harbin HEILONGJIANG PROVINCIAL SERVICE in Chinese 1100 GMT 2 Jan 83
14. Harbin HEILONGJIANG PROVINCIAL SERVICE in Chinese 1100 GMT 5 Jan 83
15. Wuhan HUBEI PROVINCIAL SERVICE in Chinese 1100 GMT 8 Jan 83
16. Changsha HUNAN PROVINCIAL SERVICE in Mandarin 2310 GMT 21 Dec 82
17. Beijing XINHUA in English 0716 GMT 13 Jan 83
18. Changchun JILIN PROVINCIAL SERVICE in Chinese 1030 GMT 10 Jan 83
19. Shenyang LIAONING PROVINCIAL SERVICE in Chinese 1100 GMT 8 Jan 83
20. Hohhot NEI MONGGOL REGIONAL SERVICE in Chinese 1100 GMT 9 Jan 83
21. Yinchuan NINGXIA RIBAO in Chinese 16 Dec 82 p 1
22. Xining QINGHAI PROVINCIAL SERVICE in Chinese 1100 GMT 12 Jan 83
23. Xining QINGHAI PROVINCIAL SERVICE in Chinese 1100 GMT 8 Dec 82

24. Xian SHANXI PROVINCIAL SERVICE in Chinese 1130 GMT 1 Jan 83
25. Xian SHANXI PROVINCIAL SERVICE in Chinese 1130 GMT 10 Jan 83
26. Jinan SHANDONG PROVINCIAL SERVICE in Chinese 2300 GMT 9 Jan 83
27. Jinan DAZHONG RIBAO in Chinese 29 Dec 82 p 1
28. Jinan SHANDONG PROVINCIAL SERVICE in Chinese 2800 GMT 8 Dec 82
29. Beijing XINHUA in English 1549 GMT 6 Jan 83
30. Chengdu SICHUAN RIBAO in Chinese 9 Jan 83 p 1
31. Tianjin TIANJIN CITY SERVICE in Chinese 0300 GMT 13 Jan 83
32. Kunming YUNNAN PROVINCIAL SERVICE in Chinese 1100 GMT 10 Jan 83
33. Kunming YUNNAN PROVINCIAL SERVICE in Chinese 2305 GMT 11 Dec 82
34. Urumqi XINJIANG PROVINCIAL SERVICE in Chinese 1300 GMT 14 Jan 83
35. Lhasa XIZANG REGIONAL SERVICE in Chinese 1130 GMT 14 Dec 82
36. Lhasa XIZANG REGIONAL SERVICE in Chinese 1130 GMT 6 Jan 83

CSO: 4006/208

AGGREGATE ECONOMIC DATA

GUANGXI'S QIN YINGJI REPORTS ON GOVERNMENT WORK

HK310357 Nanning Guangxi Regional Service in Mandarin 1130 GMT 30 Dec 82

[Excerpts] Guangxi regional government Chairman Qin Yingji began his government's work report to the fifth session of the fifth regional people's congress by introducing the achievements in the region's national economic development in the past 5 years. Total value of industrial and agricultural output in 1982 is expected to show a rise of 8.3 percent over 1981 and a rise of 26.] percent over 1978.

Qin Yingji cited many figures to show the many encouraging changes in the region's economic situation. Agriculture has developed relatively fast amid readjustment. Total value of agricultural production in 1982 is estimated at 8 billion yuan, a rise of 9 percent over 1981 and an increase of 1.7 billion yuan--27 percent--over 1978. Total grain output has shown a relatively great increase despite reductions in the sown area. Total output, average yield and rate of increase have all set new records. There has been relatively rapid development in diversification.

Industrial production has recorded a sustained and steady rise, and economic results have improved somewhat. Development of the light and textile industries has speeded up. Output value of these industries accounted for 63.9 percent of total industrial output value in 1982, compared with 53.6 percent in 1978. Big increases have been recorded in output of major products. In capital construction, the region has reduced the scale, readjusted investment structure and orientation, and improved investment results. As a result of readjustments, the proportions between accumulation and consumption have been gradually improved. Non-productive investment increased from 16.7 percent in 1978 to 45.1 percent in 1981. Commodity procurement and sales have expanded and the markets are a scene of prosperity. Total retail sales volume of social commodities in 1982 is 5.9 billion yuan, a rise of 9.3 percent over 1981. State-owned and collective commerce networks in the urban areas have grown each year. Individual commerce and industry has grown by 650 percent since 1978.

The region's external economic and technical exchanges have gradually expanded. Foreign trade exports from 1979 to 1981 grew at an annual average of 12.2 percent. By the end of October 1982, export volume showed a rise of 1.4 percent compared with the same period last year. Since 1979, Guangxi has held talks with 24 countries and regions on using foreign investment. We have signed agreements for 52 projects involving a total sum of \$123 million. The region has also fulfilled well its task of aiding foreign countries. Tourism has developed relatively rapidly.

Financially, the budget is basically balanced. Despite the fact that we have reduced or waived some rural taxes and increased the proportion of profit retained by enterprises, the region's financial revenue has still increased in the past few years. When subsidies from the central authorities are included, the region has basically maintained a balance between revenue and expenditures.

In the past 4 years the region has placed 520,000 urban people awaiting employment in jobs. The living conditions of the urban and rural people have gradually improved, and their savings deposits have increased each year.

Qin Yingji said: Agriculture is the foundation, and grain is the foundation of the foundation. We must certainly not slacken in grain production. We must teach the peasants to correctly handle the relationship between the state, the collective and the individual, spontaneously accept the state's mandatory plans, and ensure that the grain crops are sown according to the plans. We must seriously sum up experiences and continue to run the commodity grain bases well.

To develop diversification while getting a good grasp of grain production is the essential road to be followed to promote agriculture and enable the peasants to become rich quicker. We must provide positive guidance, and give free rein to the peasants to work at this. We must clearly establish the viewpoint of large-scale agriculture and correctly handle the relationship between grain and diversification. Apart from taking good care of the region's nearly 40 million mu of farmland, we must gradually make good use of the 220 million mu of other land for production purposes, together with the waters, and achieve all-round development of agriculture, forestry, animal husbandry, sideline occupations and fisheries. We must establish the viewpoint of developing socialist commodity production and overcome the concepts of small commodity production and the self-sufficient natural economy. We must constantly develop commodity production according to the needs of social consumption.

Qin Yingji pointed out: Practicing the various types of agricultural production responsibility system, especially the system of contracted responsibilities with payment linked to output, is a tremendous motive force for developing agricultural production. This has been fully proven in practice. We must continue to do a good job in stabilizing, perfecting and improving the systems. Large numbers of specialized households and households doing specialized jobs and all kinds of economic combines have appeared in rural Guangxi. These are of major significance for stimulating agricultural production to develop toward commodity and social production. We should help them to continually sum up experiences and improve.

Chairman Qin Yingji announced in his government work report: The region's basic tasks in the sixth 5-year plan are to continue to implement the principle of readjustment, restructuring, reorganization and upgrading, properly solve various problems in economic work, achieve notable improvement in economic results in production, construction, circulation and all other fields, and strive for a fundamental turn for the better in the financial and economic situation.

Total industrial and agricultural output value in 1985 should show a rise of 30.7 percent compared with 1980. The total value in 1983 should increase by 5.7 percent compared with 1982. Capital construction should be focused on energy and transport, at the same time appropriate arrangements should be made

for construction in agriculture, the light and textile industries, the metallurgical industry, the building materials industry, and other undertakings. Twenty major and medium projects have been included in the state plan during the sixth 5-year plan period, and preparations must be made for a further seven projects. Apart from this, in light of the investment situation, we should build some more sugar refineries. Total investment in fixed assets arranged by the state for the region in 1983 is 943 million yuan, including 570 million yuan in capital construction investment. In commercial work, we must actively clear the circulation channels and reduce the number of links.

Chairman Zin Yingji pointed out in his government work report at the fifth session of the fifth regional people's congress: The existing enterprises are the foundation of industrial development, and we must continue to readjust and consolidate them in an all-round way. We must carry out technical transformation in a planned and measured way, concentrating on key points, and constantly improve the enterprises' management standards and economic results.

Qin Yingji said: During the sixth 5-year plan period, technical transformation of the existing enterprises should focus on saving energy and raw materials, changing the product mix, and improving product quality, increasing production capacity, and achieving expanded reproduction based mainly on tapping the enterprises' own potentials. The coal industry must adopt various technical measures and strive to increase output and make greater contributions. Consumers must do everything possible to apply energy conservation technology and cut energy consumption. Electric power is related to the overall effort and affects the whole region's industrial production. By carrying out technical transformation we must constantly improve the raise the power industry's equipment efficiency and maintenance, to ensure that the equipment is kept in excellent technical condition.

Chairman Qin Yingji said: In order to fulfill the sixth 5-year plan and the tasks for 1983, we must continue to clear away leftist influence, further relax the policies, and enliven commercial circulation. Under the principle of taking state planning as the dominant factor and regulation by market mechanism as supplementary, we must bring into further play the regulating role of the markets. Beginning in 1983, we must practice contract responsibility in grain production for each county. This means fixing the figures for procurement, surpluses, exchange, pre-procurement and sales, fixing the tasks of shipping grain in and out, and fixing storage, sales or surpluses and economy measures for each county, leaving the figures unchanged for several years. We must actively organize joint industrial and commercial, industrial and agricultural, and agricultural and commercial management of local products, organize agricultural-industrial-commercial or forestry-industrial-commercial combines, institute retention of a percentage of profits by the enterprises, and do well in solving contradictions between production and sales. No matter what method of purchase and sales is adopted, we must persistently act according to the plans and the contracts.

Chairman Qin Yingji pointed out in his report: launching the five stresses and four points of beauty drive is an important content of building spiritual civilization and an effective means of conducting ideological education among the masses.

CSO: 4006/196

AGGREGATE ECONOMIC DATA

PROVINCE FULFILLED 1982 INDUSTRIAL TARGET

SK030351 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 2 Jan 83

[Text] Inspired by the spirit of the 12th National Party Congress, the broad masses of staff and workers on the province's industrial and communications front have enhanced their spirit and morale, overcome the difficulties of short supplies in energy and raw materials and successfully fulfilled the 1982 state plan. The total industrial output value is expected to be 26.67 billion yuan, an increase of about 6.4 percent over the previous year. In the past year, the province's industrial and communications departments at all levels earnestly implemented the principle of readjustment, restructuring, reorganization and upgrading; shifted the emphasis of work to the path which focuses on improving economic benefits; and scored pronounced achievements in economic results. The consumption of major raw materials dropped markedly and the average coal consumption for every 10,000 yuan worth of industrial goods dropped by an average of 400 kilograms. The productivity of all workers increased by 1.3 percent and enterprises' income from the sale of goods to the state increased by 8.8 percent over the previous year. Total production costs for turning out daily-produced products dropped by 6 per thousand. Profits earned by enterprises that were covered in the state budget are expected to increase by 17 percent over the previous year, and profits handed over to the state are expected to increase over 32 percent.

In the past year, our province's industrial and communications front, in addition to overfulfilling the production plans of the state's major products--such as crude oil, coal, timber, power output, steel, pig iron, coke, chemical fertilizer, tires, machine tools and instrument meters--also achieved a substantial increase over the previous year in the principal local light and textile industrial products--including, sugar, powdered milk, wine, cotton cloth, linen cloth, woolen blankets, leather shoes, wristwatches and television sets. The quality and varieties of products steadily improved and increased. The number of various kinds of good quality products reached 496, of which 11 won state gold and silver medals. New products, and new varieties and designs totaled some 5,300.

CSO: 4006/196

AGGREGATE ECONOMIC DATA

GANSU IMPROVES INDUSTRIAL PERFORMANCE

HK090252 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 8 Jan 83

[Excerpts] The Gansu provincial industry and communications front continued to implement the readjustment principle last year and scored good achievements in organizing production centered on improving economic results. Total value of output over the year was 7.788 billion yuan, a rise of 7.3 percent over 1981. The province thus overfulfilled the task set by the provincial CPC committee and government at the beginning of the year of ensuring a 6 percent increase and striving for 7 percent. There were four special features in the province's industrial production last year:

1. Heavy and light industry grew in step. Heavy industry reversed the decline of the previous 2 years and started to grow steadily. All-round growth was recorded in the Nos 1 and 2 light industry systems and the textile industry on the basis of the continual development in the previous few years.
2. Growth was recorded in all provincial industrial departments and in all prefectural and municipal industrial enterprises.
3. Relatively great growth was recorded in the energy industry. All seven provincial coalmines exceeded their output quotas, by a total of 300,000 tons. Power generation was 10 percent more than in 1981.
4. Economic results showed notable improvement.

CSO: 4006/196

AGGREGATE ECONOMIC DATA

BRIEFS

CORPS DIVISION ACHIEVES OUTPUT INCREASE--"In 1982, the No 1 division of the Xinjiang Production and Construction Corps increased its industrial and agricultural output value by 10.6 percent and the output value per laborer by 25 percent over 1981. People in this division are of the opinion that if they persist in making efforts like this, it is very hopeful that they will quadruple their total industrial and agricultural output value by the end of the century." They achieved the good results because they conscientiously implemented the party's policies and the economic responsibility system. Last year, they increased their grain output by 27.95 million jin or 13 percent. Cotton output increased by 83 percent. The division for the first time earned profits. Now the people there are striving to score new achievements. [Summary]
[HK171105 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 13 Jan 83]

CSO: 4006/196

ECONOMIC MANAGEMENT

'JINGJI RIBAO' ON WAYS TO DEVELOP INDUSTRY

HK180727 Beijing JINGJI RIBAO in Chinese 6 Jan 83 p 2

["Interviews With Leading Economists" column by Wu Jiarong [0702 1268 2837] and Xin Min [6580 3046]: "'Most Effective Ways of Developing Industry'--an interview with Hu Juewen, vice chairman of the NPC Standing Committee and honorary chairman of the China Equipment Management Association"]

[Text] On the morning of 9 December last year, a rally marking the establishment of the China Equipment Management Association was held at the Tianjin guesthouse. Among the leaders seated on the rostrum was a gentleman of around 90 who was hale and hearty--Hu Juewen, vice chairman of the NPC Standing Committee. He had come specially to Tianjin to attend this rally. Exuberantly, he gave a speech. He was elected honorary chairman of the China Equipment Management Association. The delegates attending the meeting had unanimously recommended our revered Hu Juewen as honorary chairman saying that he was "one of the older generation skilled in taking care of the management of equipment."

After the meeting, we asked our revered Hu Juewen to grant us an interview during his brief stay in Tianjin (he was to rush back to Beijing the same day to attend the fifth session of the fifth NPC). He gladly agreed.

When it came to the strengthening of equipment management and maintenance, our revered Hu Juewen became very excited. He said: "As an ancient Chinese saying goes, 'if we want to do a good job, we must first have a good tool.' There is also the popular Chinese saying: 'Honing the ax does not interfere with the work of a firewood cutter.' These two lines sum up the close links between equipment and production and between production and maintenance. For a fairly long period of time to come, in our economic construction, we will chiefly rely on giving full play to the role of existing enterprises and on their technical transformation. To achieve this end, we must pay close and proper attention to the management and maintenance of equipment and give full play to the capacity of existing machinery and equipment on hand. The importance of this job lies in maintaining the original performance of machinery and equipment, so that 'life can be prolonged.' It especially acquires more advanced technology and improves old equipment through repair, maintenance and transformation, so that it can provide more and more economic results and create still more material wealth."

In the past few years, our revered Hu Juewen investigated and studied conditions in some factories of equipment management on his investigation trips to various areas. His conclusion was that we had achieved something in this respect. In maintaining equipment, some enterprises paid attention to transformation and streamlining and to gradually raising the degree of modernization. But many problems remained. He said: "Our understanding of equipment management is limited. With regard to systems, there are also some defects. The purchase, use, repair, transformation and manufacture of equipment are matters handled separately. No attention is paid to economic results, causing a great waste. The equipment of some enterprises was advanced when these enterprises were first established to go into operation. But after many years of maintenance, such equipment has become 'a reproduction of something antique,' increasingly backward."

Our revered Hu Juewen thought that this was a major issue bearing on economic construction. In April last year, he wrote to the leading comrades of the State Council putting forth the idea of strengthening the management of equipment. Touching on this, he said with excitement: "My suggestion received attention from Premier Zhao Ziyang and Vice Premiers Wan Li and Yao Yilin. The state economic commission has adopted some measures to improve work in this respect. Now the China Equipment Management Association has been established. Forces in various fields have been organized to help the relevant departments and enterprises of the government in tackling this task. This is a very good thing."

What should be given attention in taking care of the management of equipment? Our revered Hu Juewen stressed the need of "dedication." He said: "Enterprises must strengthen leadership over equipment and maintenance and have a given staff of specialized personnel. These personnel should be down-to-earth and dedicated 'experts' determined to transform machinery and equipment." At this point, our revered Hu Juewen recounted his own experiences and insights. He said: "Sixty years ago, when I had just graduated from college, I went to work with the Hanyang Iron Works as a worker. Some people expressed surprise. Why should a college graduate act as a worker? I personally felt that just book knowledge was not enough. I must personally go through the mill."

Our revered Hu Juewen again said: "To strengthen equipment management, we must also solve some problems involving the leadership of an organization. For example, we must improve the equipment management system in an energetic and systematic manner and establish feasible systems. With priorities in mind, we must carry out technical transformation and properly streamline equipment. We should replace equipment where repair does not pay. Some other problems may also be cited. Given more and more imported projects and imported equipment, we must especially be more determined to take good care of things."

Our revered Hu Juewen said humbly: "I am a student of engineering. I have long lived with machinery. I have taken to the maintenance of machinery and equipment. But given ever greater scientific and technical advances, my scientific knowledge has become out of date. Now I note that the leadership of the CPC Central Committee is united as one serving the country. There are also so many comrades keen on strengthening equipment management. This is the chance of a lifetime in our contributing toward socialist modernization. I am advanced in age. The spirit is willing but the flesh is weak. Yet I must give all I can."

ECONOMIC MANAGEMENT

'BEIJING RIBAO' ON BEIJING COMMERCIAL REFORMS

HK190640 Beijing BEIJING RIBAO in Chinese 9 Jan 83 pp 1, 4

[Commentator's article: "Firmly and Steadily Carry Out Commercial Restructuring"]

[Text] The work of trying out the responsibility system for operation and management has begun in Qianmen and Xidan road. This will certainly promote the reform of commercial institutions in our municipality and will play an active role in creating a new situation in our financial and trade work.

Since the 3d Plenum of the 11th CPC Central Committee, the financial and trade work in our municipality has scored great achievements. But it is still far from meeting the demands of the masses and the needs of the modernization construction. At present, the prominent problems which are always complained about by the masses are: 1) "poorness"--the quality of service and the attitude toward customers in some units are very poor; 2) "rigidity"--things are controlled in an excessively rigid way. This has caused much inconvenience to people's eating, shopping and having things mended. The main reason for these problems lies in the irrationality of the commercial management institutions. Under the influence of the "leftist" guideline in economic work which has existed for a long time, stress is inappropriately placed on state-run businesses but the businesses run by collectives and individuals are neglected. The egalitarian practice of holding "iron rice bowls" and "eating from the same big pot" is prevalent in the management and distribution systems. Without solving this problem, the enthusiasm of enterprises and workers will not be able to be fully mobilized and it will be also impossible to make commerce and other service trades prosper. If the problem of poor service quality is not promptly and fundamentally solved, it will be very difficult for us to realize the improvement of economic results and the creation of a new situation. The current experiments in the two streets will powerfully lash the old conventions of holding "iron rice bowls" and "eating from the same big pot." As the saying goes, only by pulling its nose can we lead an ox away. Pursuing various responsibility systems for operation and management so as to break with the old practice of "holding iron rice bowls" and "eating from the same big pot" is precisely the "ox nose" of creating a new situation in financial and trade work. We must tightly grasp it.

The reform of commercial institutions will inevitably encounter obstructions from the influence of "leftist" ideology and old habits. At the same time,

when dealing with the interests of the four parties, namely, the state, consumers, enterprises and individuals, we will find that all kinds of problems troubling people's minds will come up. Therefore, we should energetically strengthen ideological and political work in all experimental units. At present, the first thing should be to do a good job in mobilization. We should organize workers to study the spirit of the relevant documents and guide them to realizing the great significance and necessity of the reform in connection with reality and with the great changes in agriculture, industry and some units in the financial and trade system after the responsibility systems were adopted there. Some people are still sticking to the old conventions or fearing that the policy will change, and others are not willing to take responsibility. Leading cadres should pay special attention to solving these problems in people's minds and should correctly handle the relationships between material incentive and ideological education and between economic targets and political duties. They should also properly handle the relationships between the state, consumers, enterprises and individuals. We should conduct all-round checks. Not only should economic indicators be checked, our checks should also include the adherence to the socialist operation orientation, the implementation of price and supply policies, the improvement of service quality and service attitude and the fulfillment of other political and professional duties, such as guarantees for safety and hygiene.

The implementation of the responsibility system for operation and management is a new thing. It is unavoidable that this or that problem will occur in the course of the trial implementation. There needs to be a process of practice, summing-up and perfecting. When a new contradiction appears, leading organs and leading cadres must keep cool-headed. "Ranging your eye far over long vistas," they should take an active attitude and sum up experience, study new problems and solve new contradictions together with the masses so as to continuously forge ahead. In the current experiments, the departments of environmental sanitation, urban construction, public security and the industrial and commercial administration also have a great deal of work to do. It is to be hoped that all relevant units can closely cooperate with the commercial department and actively help the experiments, jointly striving for the success of the reform of the commercial institutions.

CSO: 4006/205

ECONOMIC MANAGEMENT

NEW DIRECTIONS IN TECHNICAL REFORM IN SHANGHAI DISCUSSED

Shanghai JIEFANG RIBAO in Chinese 20 Dec 82 p 1

[Article: "Technical Reform in Shanghai Must Take a New Road--Gu Xunfang, the Deputy Director of the Economic Department of the Municipal Party Committee, Talks With A Reporter of This Newspaper--The Municipal Party Committee and the Municipal Government Are Considering Establishing A Leading Small Group On Technical Reform: Individual Sections To Wage Full Scale Assaults On Key Projects"]

[Text] What sort of decisions and plans are in store in the area of technical reform in Shanghai during the period of the sixth five year plan? The other day, this reporter visited Gu Xunfang [7357 6064 2455], deputy director of the Economic Department of the Municipal Party Committee and Chief of the Production Technology Bureau. He feels that technical reform in Shanghai must take a new path.

Why must it take a new path? Comrade Gu Xunfang said that: presently, many industries in Shanghai face a situation in which their equipment, plant and time are being used at capacity and there is already no room to maneuver. Compared with the advanced standards in other nations, the equipment in Shanghai industries is obsolete, the technology is backward, product quality is poor and generational product advance is slow. We lack competitiveness in the international marketplace. In his report on the sixth five year plan, Comrade Zhao Ziyang [6392 4793 7122] pointed out that: "The overall implementation of the sixth five year plan must, to a very great extent, rely on the technical advance of social production." Only by getting a firm hold on this key link of technical advance, using new technologies, new industrial techniques, new equipment, new materials and new products to reform existing enterprises through the application of advanced production techniques that were already commonplace in the economically advanced nations in the seventies and early eighties and which meet the needs of the industrial production of our nation and by forming a technical system uniquely our own can we create the conditions for an economic renewal and reach the goal of quadrupling output.

In speaking about the situation of technical reform in Shanghai, Comrade Gu Xunfang said that: the Party Central Committee and the State Council have great expectations of the technical reform of industry in Shanghai. Early in the year, the national economic and statistical commissions and the Ministry of Finance officially reported on the plans for 313 key technical reform projects in Shanghai and provided a large amount of funding and material support. The state of technical reform in industries throughout the city is good. There are already 66 key projects and a large number of other projects involving technical measures that have been taken which have been completed and have gone on line. 1983 is the key year for laying a foundation for the sixth five year plan. We certainly must deal with the problems of extended battle fronts, large numbers of projects, low standards and slow development which exist at present in our efforts at technical reform, concentrate our energy, make breakthroughs in the reform of key trades, key products and a number of key enterprises and, in addition giving priority assurance of continuing work on projects carried over from 1982, we must concentrate our efforts on organizing several campaigns to have different groups at different times launch "full scale assaults" on key projects which are moving in the right direction, are of great importance and whose construction is fairly well along in order to see that the anticipated technical and economic results are truly obtained. Our guiding ideology is that Shanghai's technical reform must encompass the principle of the "four littles and two highs" (that is little energy expenditure, little material input, little transport, little waste, highly technology intensive and highly labor intensive), must intimately combine and adjustment and reorganization of industry with urban renewal planning, must actively adopt and make use of new materials, must seriously lay a sound foundation, raise standards and promote generational product advance, and must reduce energy and raw material consumption, seeing to it that major technical and economic standards for key industries quickly approach and match advanced world levels.

Comrade Gu Xunfang also said that: leaders on the Party Central Committee have pointed out that thousands of small and middle-sized enterprises must take part in technical reform. Shanghai has many small and middle-sized enterprises and the task of technically reforming them will be arduous, and at present we lack the necessary technical reserve and technical strength to do so. Because of this, at the same time that we rely on our own efforts to carry out technical reform, we must actively bring in and make use of appropriate advanced foreign technology and key equipment. In our future work in this regard, we must, with product advance in mind, first determine the "software" (that is design plans, industrial technologies and management techniques) needed in manufacturing, and then select and use certain key equipment that cannot be supplied domestically and which must be secured.

In quickening the pace of technical reform, we also need to strengthen organizational leadership. Comrade Gu Xunfang further pointed out that: we need to strengthen unified leadership and management of technical reform, unifying planning so that we achieve a condition of "planning with one tablet and approving with one pen." Presently, the municipal party

committee and the municipal government are considering setting up a citywide leading small group for technical reform organized by all party committees and offices. It would establish comprehensive plans, facilitate coordination work, and achieve unified leadership. Our leading departments at every level must also establish special agencies for managing technical reform work, carrying out individual level management; and must also concentrate efforts on technical reform projects involving key industries, key products and a number of core enterprises, establishing a system of project responsibility for bureau heads and enterprise directors, unifying authority and responsibility being persistent.

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CSO: 4006/173

ECONOMIC MANAGEMENT

'GUANGMING RIBAO' ON ELIMINATING EGALITARIANISM

HK200307 Beijing GUANGMING RIBAO in Chinese 9 Jan 82 p 3

["Economic Forum" article by Gong Wen [1362 2429]: "We Must Break the Old Trammel of 'Everybody Eating Out of the Same Big Pot'"]

[Text] The management and administration responsibility system has rapidly developed in industry, commerce and service trades in rural and urban areas throughout the country since the 3d Plenary Session of the 11th CPC Central Committee. We should fully realize the great importance of this responsibility system and lead the masses to promote its healthy development.

Referring to the significance of the responsibility system in management and administration, Comrade Chen Yun said that no exploitation was allowed in the 1950's transformation. That was to say, capitalists could not exploit workers now, people are not allowed to "eat out of the same big pot" anymore in the present transformation. We should break the old trammel of "everybody eating out of the same big pot" and the "iron ricebowl" and implement the principle of more pay for more work, less pay for [word indistinct] work and no pay for no work. This is just as important as the transformation of private industrial and commercial enterprises.

China has eliminated capitalist exploitation through socialist transformation of private industrial and commercial enterprises. The principle of capitalist distribution was replaced by the socialist principle of material interests and the principle of distribution according to labor. This is a great change. However, the socialist principle of material interests and the principle of distribution according to labor will not take place spontaneously. We should adopt specific measures and systems in order to implement and institute it in line with our national conditions. After the socialist transformation of the means of production was basically completed, we failed to concentrate our efforts for probing and summing up the experiences of the management and administration system in line with our national conditions. We just took "class struggle as the key link" and overestimated the danger of capitalist restoration. Under the "leftist" influence, egalitarianism was considered as communism, the principle of distribution according to labor was regarded as capitalism and the principle of material interests was taken as revisionism. Therefore, the trammel of "everybody eating out of the same big pot" continued to exist in an apparently rational way.

The so-called trammel of "everybody eating out of the same big pot" means practicing egalitarianism in distribution. Whether they take part in labor or not or whether they work well or ineffectively, everybody may share in the same big pot provided by the state and collective. "Men for 10 work points, girls for 7 work points and the number of work points for a married woman was raised from 7 to 8," such a system has been implemented for quite a long time in most rural areas of the country. Making profit or losing money was the same in all enterprises because there had been a "state monopoly for financial revenue and expenditure" in industry in the past. Three generations--master worker, apprentice, and junior fellow apprentice--are second grade workers. This quite unusual phenomenon is seen in the enterprises because the stipulations on upgrading ranks have been ignored for a long time. The method of "everybody eating out of the same big pot" violates the principle of distribution according to labor. Due to this, those who worked more were paid less, those who worked less were paid more, some honest persons suffered losses on account of their honesty and some cunning funning fellows gained extra advantage. Thus a number of persons gained more pay for less work, profited by other people's toil and seized the fruits of others' labor. Such a distribution system fails to encourage the advanced workers and to spur on the backward elements. It becomes a stumbling block that obstructs production development.

The system of management and administration serves to avoid egalitarianism. It is characterized by the combination of responsibility, power and interests. First of all, enterprises and collectives should be responsible to the state and individual laborer should be to a certain degree responsible to the enterprise and collective, so that each production unit and each laborer can have a better understanding of his responsibility in order to carryout the tasks of the state and to ensure fulfilment of the plans. At the same time, all enterprise collectives and individuals have the right to make their own decisions, which enables them to take initiative in running business and producing goods. By taking responsibility, each enterprise, collective and individual will obtain economic benefits, and they will obtain more benefits if they do things better. They will be fined if they failed to take responsibility for consequences arising therefrom. In such a way, each production unit and laborer will be encouraged by material benefits and they will attach importance to fulfilling the state and collective production plans. The relations between the state, collective and individual are properly handled by the combination of responsibility, power and interests, which ensures implementation of the principle of distribution according to labor, avoids the phenomena of more pay for less work and pay for no work and arouses the initiative of the masses.

The responsibility system in management and administration is new creation in socialist China. It showed more and more powerful strength and marked superiority soon after emerged. Agricultural production growth has been recorded in successive years since the comprehensive system of contracted responsibilities with payment linked to output was instituted in agriculture. The shortage of production tasks during readjustment was overcome, the growth speed of industrial production has been maintained to a certain extent and the financial task relatively well fulfilled since the implementation of the economic responsibility system in industry. At present, the system of contracted responsibilities with payment linked to output has been applied in a number of small enterprises which are run by collective staff and workers and individuals. The result is quite

satisfactory. The shops which had been losing money for a long time in the past, have now made profits, and poor service has been greatly improved. Bad work style caused by "bureaucratic traders" was changed. Now business is good, and the state, collective, staff and workers and customers are satisfied. In short, after the disadvantages of "everybody eating out of the same pot" are eliminated, and the system of contracted responsibilities with payment linked to output will speed up the process of our socialist modernizations.

CSO: 4006/196

ECONOMIC MANAGEMENT

SICHUAN PROVINCE IMPROVES KEY ENTERPRISES

OW241124 Beijing XINHUA in English 1112 GMT 24 Jan 83

[Text] Chengdu, 24 Jan (XINHUA)--Sichuan Province is devoting great effort and considerable financial resources to help large key enterprises play a more positive role in the province's industrial growth, according to a provincial government official.

This represents a shift toward greater centralization and concentration of expenditures on key projects and follows the reasoning of Deng Xiaoping, chairman of the Central Advisory Commission, when he told leaders of the State Planning Commission: "If money and materials are not enough, we would rather cut back on local projects, especially those in general processing industry, since small projects, however great their number, won't get us anywhere."

Sichuan has, since the end of 1981, reorganized management of 19 key enterprises. Leading cadres were cut from the original 177 to 126 and average age was lowered from 50 to 46. Now three out of ten leading cadres have a college education where only two had before.

The province has 27 large key enterprises where annual profits and taxes to the state exceed 10 million yuan. In 1981 their combined output value amounted to about 25 percent of the total for the province's 46,000 enterprises.

Improving management in these enterprises will have a great impact on the country's industrial growth, said the official.

Over the past three years, the province has invested 170 million yuan in technical transformation of large key enterprises. In addition, some new economic systems have been tested such as allowing big enterprises to retain part of their excess profits or share part of the gross profits, replacing the profit delivery system with the tax system of sole responsibility for their own profits and losses.

Output value in these enterprises has grown rapidly as a result. In the first ten months of last year, output value of the 27 largest enterprises grew 10 percent over 1981's like period. Profits passed on to the state rose 22 percent and taxes rose 7 percent. Over half of the output value added in the last three years came from projects which had been technically improved.

The province also helped some big enterprises coordinate production with local medium-sized and small enterprises and establish integrated complexes. These measures have injected new life into large key enterprises, the official said.

ECONOMIC MANAGEMENT

'BRAIN TRUST' FORMED OF PROFESSORS, ENGINEERS IN HARBIN

Harbin HEILONGJIANG RIBAO in Chinese 14 Nov 82 p 1

Article: "'Brain Trust' Formed for Economy and Technology in Harbin Municipality"

Text An economic and technological "brain trust" was formed by the municipal government of Harbin yesterday.

This "brain trust" consists of 20 persons, among whom were senior engineers and professors in industry and communications, capital construction, city construction, food industry and finance and economy; chief accountants and senior agronomists.

The municipal party committee and the municipal government have accordingly worked out the "Decisions Concerning the Establishment of an Economic and Technological Advisory Group," in which the main tasks for the advisory group are: 1) to study and confirm the important economic and technological problem of a strategic, orientational and comprehensive nature in the national economic development in Harbin Municipality; 2) to conduct analyses, forecasts and feasibility studies on some important economic and technical problems and construction projects which concern the overall situation in Harbin Municipality; 3) to keep the municipal party committee and municipal government constantly informed of the suggestions and needs concerning various construction undertakings in the municipality; and 4) to undertake other related tasks entrusted to it by the municipal party committee and municipal government.

A meeting was held, and among the participants were Li Lian 2621 0500 1344, second secretary of the provincial party committee, and first secretary of Harbin Municipal Party Committee; Wang Zhao 3760 6856, second secretary of Harbin Municipal Party Committee and other leading comrades. Comrade Li Lian said: Harbin Municipality has a strong scientific and technological force and giving full play to this force will be of great significance to the vigorous development of the economy in the municipality as well as the whole province. He expressed his willingness and sincerity in treating the experts as his tutors while he himself will be a humble pupil. As long as he lives, he said, he will do his very best to promote science and technology. He also hoped that the experts will actively and boldly express their opinions as advisors

and will serve as a bridge or a tie to strengthen the relationship between the municipal party committee and the municipal government on the one hand and the broad masses of scientists and technicians on the other.

The experts who had been invited into the advisory group also spoke at the meeting. Professor Li Jiabao 2621 1367 0207, Vice Principal of Harbin Industry University; senior engineer Li Kengshen 2621 2704 3234, Director of 703d Research Institute; Professor He Shuiqing 0149 3055 3237, Vice Principal of the Shipping College; and Assistant Professor Wang Renshu 076 0088 2885, Vice Principal of University of Science and Technology, all said with great enthusiasm that although their individual strength is limited, they pledged to do their very best for the four modernizations in the province and the municipality with the support of the large number of scientific and technical personnel around.

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ECONOMIC MANAGEMENT

INDUSTRY, SCIENTIFIC RESEARCH COOPERATION CONTRACTED

Lanzhou GANSU RIBAO in Chinese 17 Nov 82 p 1

Article by Ji Xiaoyang [4764 2556 7122]: "Provincial Light Industry Scientific Research Institute Signs Two Contracts"

Text In the past several days, the provincial light industry scientific research institute, participating in the province meeting for scientific and technical cooperation and exchange of experiences in industry and communications, has signed two fairly large contracts.

The contract which the scientific research institute has signed with the Zhangye Prefectural Paper Mill for the trial production of extra strong corrugated paper--which the province has so far been unable to produce--represents a joint effort in tackling a key problem. Extra strong corrugated paper is used for packaging exported goods. Since our country is short of timber, we have to rely on imports every year. In the past several years, only a small number of plants have undertaken its trial production. If they are successful, the annual output value, based on an output of 3,000 tons a year, will be increased by more than 750,000 yuan, and the profit will also be increased by more than 450,000 yuan.

The Ankou Porcelain Plant has recently invited bids for producing refined porcelain wares with Gaoshan clay. In the past, this plant's products were entirely made of Jiepai clay from Hunan Province, and the production cost was very high. On 14 November, the provincial scientific research institute of light industry signed a contract with this plant and decided to help the plant by introducing the use of its hydrocyclone in the technology of combination and separation treatment of Gaoshan clay to be made into refined porcelain wares. If this technology is used in production and is up to its designed capacity, the expenses can be reduced by 114,000 yuan each year.

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ECONOMIC MANAGEMENT

TIANJIN, GANSU ECONOMIC, TECHNICAL COOPERATION EXPANDED

Tianjin TIANJIN RIBAO in Chinese 10 Nov 82 p 1

Article: "Field of Economic and Technical Cooperation Between Tianjin and Gansu Expanded"

Text From 18 to 26 October, Tianjin People's Municipal Government dispatched an economic delegation to hold talks with the responsible persons of Lanzhou and the Gansu provincial governments on the ways and means to attain the strategic objective in the national economic development as laid down by the 12th National Party Congress. After repeated discussions on ways to strengthen cooperation between similar trades on both sides, the field of economic and technical cooperation between Gansu and Tianjin has been further expanded.

In 1979, the central authorities decided that different trades in Tianjin should support their counterparts in Gansu. The leaders of the province and the municipality have exchanged visits three times, and signed a summary of long-term economic and technical cooperation. They have agreed to altogether 49 economic and technical cooperation items, including 42 technical cooperation projects. Up to now, 28, or 67 percent of these projects, have been basically completed. For the completion of these projects, Tianjin's cotton textile company, thermos-jar plant, No. 1 Plastic Plant, leather-making plant, sports equipment plant, shovel-making factory, No. 2 Hosiery Plant, bone glue plant, detergent plant, bicycle plant, No. 1 Consumer Chemical Products Plant and so forth have sent 63 technicians in seven separate groups to 17 enterprises in Gansu Province for inspection and to offer technical services. They have supplied the prescriptions for four types of products and 20 sets of diagrams and data for another 11 types. Some enterprises in Gansu have altogether dispatched nearly 400 persons to their counterparts in Tianjin for study. Nearly 180 of them have joined training classes. These activities have played a useful role in helping some of Gansu's enterprises improve the quality of their products, increase their outputs and improve their economic results; and some of the projects have produced outstanding results. For example, our synthetic detergent plant has helped Lanzhou's Rehua Plant solve the problem with the angle of the spray gun. This act of assistance alone has enabled the Lanzhou plant to raise the daily output of detergent by 24 percent. Tianjin's Bone Glue Plant has helped the Xiahe Chemical Products Plant raise the quality of bone glue, the viscosity of which is now up to the

standard of first-grade products as set by the ministry. The glue is now selling well. In our municipality, bone glue is required by more than 30 trades to be used as raw material or auxiliary material in more than 200 types of products, and there is a serious shortage of bone glue. Now, we are the sole agent for Xiahe Chemical Plant's bone glue.

Both Tianjin and Gansu are satisfied with the progress of their economic and technical cooperation. After summing up their experiences in the earlier stage, they have decided to continue their cooperation in a planned and systematic way with their efforts centering around the strategic objective of quadrupling the total industrial and agricultural output value, the transformation of old enterprises and old products under the state's planned guidance, and the improvement of economic results.

In line with this guiding thought, and after repeated discussions, both parties have tentatively agreed on another 33 new economic and technical cooperation projects, including 13 projects of economic integration. The features of the economic integration agreed upon this time are as follows: The existing enterprises will be run in the form of partnership undertakings. Tianjin, as one of the partners, will contribute its share in the form of technology, trade marks, management and a small amount of funds, and will share the output value and profits. In this way, both parties will be benefited. With the use of advanced technology and advanced management experiences, the old enterprises and old products can be transformed, and the potential of production of these enterprises can be tapped. Both parties will then be able to contribute to the attainment of the common goal of "quadrupling the total industrial and agricultural output value."

This form of integration, characterized by the sharing of output value and profits, is still in the exploratory stage. However, it has shown that by this means, it will be possible for the cooperation between two regions and the realization of the strategic goal to be closely combined.

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OPTIONS FOR UNDERUTILIZED ENTERPRISES EXPLORED

Beijing BEIJING RIBAO in Chinese 15 Nov 82 p 3

[Article by Zhuang He [8369 3109]: "What Can Enterprise Do To Realize the Grand Objective of 'Quadrupling' If They are Not Given Sufficient Production Tasks?"]

[Text] If the plant is "underfed" and the workers have nothing to do, how can they "quadruple"? This is the question raised by some enterprises which have not been given sufficient production tasks, when they study the documents of the 12th National Party Congress. I feel that this question should be carefully analyzed from the standpoint of development before the correct answer can be found.

First, we must correctly understand the strategic objective of quadrupling the total industrial and agricultural output value. The 12th National Party Congress laid down the task of our national economic construction whereby "while steadily working for more and better economic results, the total annual industrial and agricultural output value should be quadrupled" by the turn of the century. This does not mean that all departments and all enterprises, regardless of their conditions, must quadruple their output value. Just imagine how will the problem of disproportion in the national economy be solved if all departments and all enterprises will quadruple their output value? The outcome will be an even more serious disproportion or a new disproportion. Quadrupling the total annual industrial and agricultural output value is the comprehensive result of the common efforts of all people in the country, and is based on a proportionate development. It will be an average figure derived from the development of all industrial and agricultural departments. For various reasons, it is impossible, and unnecessary, for some enterprises to quadruple their output value; but possible and necessary for others to quadruple it, or even to increase it by three, four or even more doublings. Therefore, insufficient production tasks for a small number of enterprises cannot prevent the total annual industrial and agricultural output from being quadrupled.

We must not overlook the fact that some enterprises are not given enough production tasks and their equipment and personnel are not being fully utilized at present. This is but an extraordinary and temporary phenomenon during the period of national economic readjustment and restructuring, and cannot last

over a prolonged period. We must understand that our past mistakes in economic construction have led to serious disproportions among all economic departments and various types of products. Some departments have remained backward for a long time. Their output is low and the quality of their products is poor. Instead of meeting the demand, these departments have become a drag to other departments. Other departments have blindly increased their output and their products are now overstocked. That is why the state must use readjustment as a means to reduce the production tasks for some departments and enterprises and to shorten the capital construction front. As a result, some heavy industry departments serving capital construction and some departments supporting them have to work under capacity. From this, we can see that as long as the enterprises are not closed down and do not have to suspend their operation, the shortage of production tasks for them is but a temporary phenomenon. Furthermore, the purpose of keeping some enterprises "underfed" is precisely to keep the other departments and enterprises, which can play a significant role in enlivening the economy, "well fed," in order that, with sufficient funds, equipment, raw materials and energy supply assured, they can make an earlier start. As soon as the start is made, they will need the products of other departments and enterprises, and those enterprises now operating under capacity will have more production tasks. There will then be a general development. During the readjustment, all sectors of the national economy and all enterprises have to develop according to the order of priority. Some have to develop earlier, while others have to wait for a while.

However, the enterprises now having insufficient production tasks must not passively wait for 5 or 10 years. Instead, they must discover the cause of their operating under capacity and take positive measures for improvement. For example, those enterprises producing poor and unmarketable products, and those whose rash action has brought about overstocking must first conscientiously implement the measures laid down by the higher authorities for readjustment and restructuring, and switch over to new lines of products. Again, if the enterprises are not among those to be closed, suspended, amalgamated or retooled, they should on their own initiative take the following positive measures: If their equipment is obsolete and their technology is outdated, they should tap their internal resources and try every way for technical transformation. If their management is unsatisfactory and their products are not marketable because of poor quality, they should try to raise the level of management, lower material consumption in the process of production, reduce the production and management expenses, adopt the responsibility system and improve the quality of products so that they can win in the market on the strength of their fine-quality and low-price products. If they are short of "knowledgeable persons," they should reorganize themselves as soon as possible so that their cadres will be more revolutionary, younger, better educated and more professional.

Comrade Hu Yaobang pointed out in his report at the 12th National Party Congress: "In order to realize our objective for the next two decades, we must take the following steps in our strategic planning: in the first decade, aim mainly at laying a solid foundation, accumulating strength and creating the necessary conditions; and in the second, usher in a new period of vigorous

economic development." In the first decade, particularly during the Sixth Five-Year Plan, there will be inevitably some enterprises not having enough production tasks. These enterprises can contribute to the success in quadrupling the industrial and agricultural output value mainly by laying a good foundation, accumulating strength and creating the necessary conditions in order that in the second decade, they can make still greater contribution to a vigorous economic development. All enterprises now operating under capacity should make good use of this temporary leisure period in training their workers and staff members. Schools should be opened for training in management and technology, and their personnel should be organized for rotational training so that they can learn about management, science and technology and there will be an uplift of the political, cultural, technical and managerial qualities of their cadres and workers.

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ECONOMIC MANAGEMENT

DEVELOPMENT OF MACHINERY INDUSTRY IN NINGXIA ENVISAGED

Yinquan NINGXIA RIBAO in Chinese 21 Oct 82 p 1

Article by Chen Ruilin [115 3843 779] and Liang Lunhui [733 0243 1920]: "Regional Machinery Bureau Determined to Create New Situation for Production in Our Machinery Industry"

Text While studying the documents of the 12th National Party Congress and conducting discussions in the light of realities, the cadres and technical personnel of the machinery bureau of the Autonomous Region expressed their determination to develop our machinery industry as a contribution to the attainment of the grand objective of quadrupling China's total annual industrial and agricultural output value by the turn of the century.

They said that since machinery industry provides equipment for the entire national economy, it should take the lead in serving technical transformation in various sectors of the national economy. They analyzed the realities in our machinery industry and believed that there are many favorable conditions for our machinery industry to attain the goal of quadrupling its output value ahead of schedule. There is a fairly solid foundation for machinery industry in our region. We also have a fairly strong technical force. Among some 22,000 workers and staff members in the entire system, there are more than 1,500 engineers and technicians, being 7.4 percent of the total personnel and higher than the national average of 3.3 percent. The equipment is fairly complete. There are more than 4,200 sets of machine tools and some 220 million yuan's worth of fixed assets. Among the present enterprises, 11 are national backbone enterprises, and 14 are old plants which have been moved here from the coastal areas and are in good conditions in various aspects. We have 20 different types of products occupying a superior position in the country, and a number of special products. Many of our products are being sold in Eastern Europe, Southeast Asia, Western Europe and North America, and the volume of our exports has been increased from hundreds of thousand yuan in 1979 to more than 5 million yuan in 1981. By the end of September, according to the production contracts already obtained, the work to be undertaken by the machinery bureau this year is 6.4 percent over the amount planned by the autonomous region. The bureau has also signed contracts for the next year, involving more than 15 million yuan. The total industrial output value of the enterprises directly under the bureau this year is 17 percent over the same period last year. This year, another seven products have been evaluated as

fine-quality products in the autonomous region. All these facts show that the machinery industry in our region has already begun its forward march. In future, as long as we can fully tap the resources of the existing enterprises, our output value will steadily increase until the goal of its being quadrupled is attained, even though no further investment is required.

During their discussions, the cadres and the engineering and technical personnel of the machinery bureau also noted the main problems in the machinery trade at present, namely, the backward management and the poor economic results. The labor productivity, utilization of funds, and the technical and economic indices, including that of quality, are far behind those of the average advanced level in the country. If the region's labor productivity can reach the national average in the machinery industry, there will be a net increase of 43 percent in the output value.

Through the study of the congress documents, everyone gained a clear understanding of the direction of advance and are full of confidence. They decided to create a new situation for production in the machinery industry with their own departments taking the lead and starting immediately. At present, they should adhere to the policy of readjustment, restructuring, reorganization and improvement. The immediate task is an overall reorganization of the enterprises and the solution of the problem of enterprises' leading bodies. Of the six enterprises forming the first group to be reorganized, five of them have already proceeded with the consolidation of their leading bodies in accordance with the need for revolutionary, young, well-educated and professional cadres. They have also to continue the work of readjustment and reorganization of the machinery industry with a view to improving the economic results. On the basis of readjustment, they should carry out technical transformation among the existing enterprises in a planned and systematic way. They should focus their work on the increase in new varieties, the improvement of quality, the reduction of consumption, and the importation of suitable advanced technology and also make special efforts to strengthen ideological and political work among the enterprises and to teach the workers and staff members about communist ideology so as to improve their political quality. As long as the socialist enthusiasm of the workers and staff members is aroused and the direction pointed out by the 12th National Party Congress is followed, it will certainly be possible to create a new situation for production in the region's machinery industry.

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ECONOMIC MANAGEMENT

RESEARCH-PRODUCTION UNIONS EXAMINED

Shenyang LIAONING RIBAO in Chinese 6 Nov 82 p 2

Article by correspondents Jiang Zhizheng [203 5266 297] and Xie Haibo [6200 3189 020] and reporters Kang Shuchang [073 2885 160], Yu Zhongxin [060 1813 245] and Yang Zhaohua [799 0340 547]: "An Important Way to Create a New Situation for Scientific Research and Production—An Investigation of 17 Integrated Scientific Research and Production Bodies"

Text Since the Third Plenary Session of the 11th Party Central Committee, 31 scientific research and design academies and institutes, six universities and specialized colleges, and 76 plants and enterprises in the province and 20 units outside the province have combined to form 17 scientific research-production unions of different trades and in different forms. These unions represent a breakthrough in many old rules and conventions, and have at the very onset shown their superiority and great vitality. They have provided an important way to create a new situation for cooperation between scientific research and production.

(I)

The first scientific research and production union—a combined machine tool technical and economic union—appeared at the opportune time in Dalian 2 years ago. This was followed by other unions, guided by the principle that economic and social development must rely on science and technology, while science and technology in turn must serve economic and social development, as laid down by the Party Central Committee. Thus a new vista was opened for the harmonious development of science and technology and economy.

There are three common characteristics in the scientific research and production unions in our province: First, they are formed of scientific research institutes (universities and specialized colleges) and plants or enterprises, and mostly with units, which have a strong scientific-technological force, as the main components. Second, as to their forms of organization, their affiliations remain unchanged so that the original system is not disturbed. This is only a loose form of technical-economic integration. Third, they have common needs and common objectives in development, and are relatively stable.

The forms of such integration are many and varied. Some are in the same region; others, in different regions. Some are in the same trade; others cut across different trades. If they are classified according to their tasks, needs and objectives of development, there are now roughly five different categories.

First, unions formed for the purpose of developing a certain trade. For example, the Dalian Textile and Printing-Dyeing Scientific Research and Production Union was formed for the purpose of developing the textile and printing-dyeing trade in Dalian area. It consists of 23 units including the Dalian Synthetic Fiber Research Institute, the Dalian Textile Research Institute, the Provincial Chemical Industry Research Institute, the Dalian Industrial College, the Dalian Printing and Dyeing Plant, the Dalian Textile Plant, and the Dalian Hongxing Chemical Industry Plant, all engaging in research or production of fibers, textile technology, collateral auxiliary agent, dyeing materials, dyeing and finishing, and other supportive work. There are also the China Construction Model Material Company with the Shenyang Casting Research Institute as the leading unit, and the Dalian Consumer Chemical Products Scientific Research and Production Union. They too were formed for the purpose of developing their own trades.

Second, Research-Production Unions, formed for the purpose of developing certain types of new products. For example, the Yingkou Municipal Lighting Materials and Electric Light Source Research and Production Union formed of the Yingkou Municipal Lighting Material Research Institute, the Lighting Materials Plant and two other units, was organized for the purpose of developing new products. Other integrated bodies of this category are the Anshan Municipal Ventilation and Dust Prevention Equipment Research and Production Union, the Zhongzhao Experimental Plant of Shenyang Casting Institute and the Dalian Municipal Refrigeration Equipment Research and Production Union, the Dalian Municipal Bonding Agent Research and Production Union and the Anshan Municipal Dust Prevention Company.

Third, Research-Production Unions formed for the purpose of promoting and developing certain new scientific or technological achievements. In Dalian, for example, a Union was formed of the Dalian Sea Transport Academy, the Lushun Faucet Machinery Plant, and the Dalian Locomotive and Rolling Stock Plant to promote new technology in the heat treatment of ion bombardment and to develop its application. This new technology won the first provincial prize for important scientific and technological achievements. Others of the same category are the Dalian Municipal Explosive Forming Technology Development and Promotion Union, the Dalian Municipal Surface Treatment and Strengthening Technology Union, the Shenyang Municipal Hot Tubing Research, Production and Utilization Union, the Anshan Municipal Energy-Saving Instrument and Meter Research and Production Union. They were all formed for the purpose of promoting and developing new achievements.

Fourth, Research-Production Unions formed for the purpose of exploiting the resources of a certain locality. The Fushun Municipal Marl Comprehensive Utilization Union, for example, was formed of the Fushun Municipal Building Materials Institute, the Qingyuan County Plastic Plant, the Xinbin County

Farm Machinery Repairs Plant and 15 other units, for the exploitation and utilization of the marl resources in the locality. There is also the Fuxin Municipal Coal Ash Comprehensive Utilization Union.

Fifth, Research-Production Union formed for the purpose of developing complete sets of equipment for technical transformation in enterprises. An example of this category is the technical and economic union formed by 10 units including the Dalian Combined Machine Tool Research Institute, the Changzhou Machine Tool Plant, the Changcheng Machine Tool Plant and the Dalian No 2 Machine Tool Plant. They are now supplying machine tools for technical transformation in many enterprises including the Changchun No 1 Motor Vehicle Manufacture Plant.

(II)

The vitality of these integrated scientific research and production bodies lies in the strong points of integration. Practice has proved that these unions can provide ample opportunities for technical cooperation among a wide range of scientific and specialized undertakings and form a combination of technology and productive capacity in addition to the supply of supplementary facilities. This new form of cooperation is not only suitable to the trend of the meticulous division of work in modern science and technology and the high degree of specialization in modern production, but is also consistent with the characteristics of the comprehensive technology and comprehensive productive capacity which have become increasingly necessary for completing certain special technical and production tasks. The forming of unions has combined scientific research, design, experiments, trial production, production and other links into an organic whole, thus solving the problem of treating science and technology on the one hand and economy on the other as "two unrelated matters," by bringing into play their strong points and making up their shortcomings. The scientific research units have continued to help the development of the plants' production with their new achievements and thus made the products more competitive. The plants, in return, have supplied the scientific research units with experimental bases and other conditions for promoting their achievements, thus helping to shorten the periods of scientific research and speeding up scientific and technological developments.

The strong points of scientific research and production unions are mainly demonstrated as follows:

1. Acceleration of the progress of scientific research. In the past scientific research was divorced from the realities of production. In striving for sophistication, some units allowed their projects to drag on indefinitely or abandoned them half way. In unions, the selected tasks for scientific research are closely related to the requirements of production. In striving for the general goal, all tasks are closely coordinated and will proceed in harmony, while the results of experiments are quickly tried out in the production enterprises with prompt feedback to the research units. Thus the progress of scientific research can be greatly accelerated. For example, to expedite the manufacture of imitation wool for overcoats, the research groups for fiber preparation, spinning, knitting and finishing and for manufacturing antigrit

auxiliary agents in the Dalian textile and printing-dyeing union pooled their production in only half a year. Without the union, it would have taken at least 2 and a half years.

2. Acceleration of the transfer of scientific and technological achievements. In the past, when some achievements were made, the research institutes often had to worry about the difficulty of finding "patrons." After the forming of unions, there is no longer any worry about the acceptance of the achievements in the research projects arranged by the unions. Before joining one of these unions, the Dalian Combined Machine Tool Research Institute had to wait very long during the intervals between research, design and manufacture in producing each set of combined machine tools. Then the customer's research institute would take the diagram of design to the manufacturing plant, which in turn had to "digest" it. The entire process would generally take 2-3 years, or even as long as 4 years. After the union was formed, the whole task was undertaken as a package deal, and the various links of scientific research, design and manufacture were closely coordinated. The progress was accelerated and it took only a year and a half, or sometimes only 1 year for the project to be ready for production.

3. Acceleration of the upgrading of products. In the past, many products remained unchanged for a number of years, and sometimes for decades. After the union was formed, the plants could promptly adopt the new technology supplied by the scientific research units or the universities and specialized colleges and there has been an endless stream of new products and new varieties. In the past, the textile and printing-dyeing trade in Dalian had only 176 varieties and some 500 designs in 30 years. After the union was formed, more than 50 varieties and nearly 200 designs were added in only 1 year and 5 months.

4. Acceleration of the development of scientific and technological capacity. For a long time, because of the restrictions of various systems, the separation between different trades and departments, and even the blockades imposed against one another, there were serious overstocking of materials and waste of equipment; full development and utilization of science and technology were then out of question. After the forming of the unions, a breakthrough was made in the departmental and trade restrictions, and all the required technical strength, instruments, equipment and information data of all scientific research and production units had to be mobilized for coordinated use in research and production, and the development of scientific and technological capacity was accelerated. Combined refrigerators of 50 cubic meter capacity were new products never produced before in our country because of the difficult techniques and the need for highly comprehensive technology. The Dalian General Refrigeration Equipment Plant, which consists of 31 enterprises, accepted the task of their production. It made every possible effort to complete the design, but there were still 16 difficult problems which could not be solved. After the forming of the union, all the scientific and technical forces of the central and local scientific research and production units in machinery, electrical appliances, plastics, bonding agents, rubber and lacquer were organized to tackle these difficult problems. In only 8 months, the trial production of this new product of the 1970's standard was successful.

The "four accelerations" of integrated bodies have brought tremendous economic benefits. According to statistics, in only 1 year after it was formed, the scientific achievements of the Dalian Textile and Printing-Dyeing Union already helped create 3.67 million yuan in profits and taxes, and this amount is 2.6 times the investment in scientific research.

Practice has proved that scientific research and production unions can basically eliminate the shortcomings of the tasks of scientific research being divorced from production, the achievements in scientific research being shelved, products remaining unchanged for many years, the overstocking of materials and the waste of talents and equipment; and create a brand-new situation for the high-speed development of scientific research and production.

(III)

Provided the existing system remains unchanged, the scientific research and production unions are loosely organized. However, they cannot be called unorganized. The basic experiences are as follows:

1. Voluntary participation on the basis of a full understanding. The member units of these unions generally participated voluntarily on the basis of their own requirements, and were free to come and go. However, voluntary action is based on understanding. Integrated bodies were formed, consolidated and developed in the process of eliminating the "leftist" ideology, which ignores the importance of science and technology, and of breaking through the narrow scope of small production mentality. There were many ideological problems when these unions were organized. Some units joined purely with the desire to "look for some means of subsistence" (that is, to look for work), for for the time being only. Some units had the misgivings that after joining the union, their plants would be turned into an "experimental ground" for the research institutes, and that instead of getting any economic benefits, they might be "cheated." Some units were only concerned with their administrative affiliations and failed to see the need for integration. However, the development of unions has continued to deepen people's understanding and awareness of the need to join these organizations and to rely on science and technology. Shortly after this unit joined the Dalian Textile and Print-Dyeing Union, a deputy plant director was afraid that his plant would be "cheated." At a board of directors meeting, he openly declared that he "was not bound by the regulations." Now that his plant has gained many real benefits from the union, he said: "The plant and the research institutes are in the same boat and must depend on each other."

2. Mutual benefit as the basis, work style as an important condition. Member units of unions can continually obtain benefits from the development of scientific research and production, and that is the economic tie to keep the union organized, though loosely. Many scientific research and production unions uphold the "two priorities" principle. The new achievements of scientific research units enjoy priority in the use of plant facilities for experiment, while the difficult technical problems of the plants in production are studied by the research units as a matter of priority. The actual forms

of distribution of economic benefits between the research institute and the plant are stipulated in the form of regulations or contracts. There are now three different forms: First, profit-sharing. According to the contract for the Yingkou Municipal Lighting Materials and Electric Light Source Research and Production Union, the research unit is to appropriate a portion of the profits from the sales of the plant's new products. Second, a one-time royalty based on the value of the design by the research institute. The research institute of Dalian Combined Machine Tool Plant, for example, collected a one-time design fee from the proceeds of sales of its products. Third, profit sharing according to the proportions of investment. The member units of the China Model Materials Company invested in the union according to their financial resources, and shared the profits according to the amounts of their investment.

While upholding the principle of mutual economic benefits on a reciprocal basis, the unions still have to stress work style, cooperation and research ethics. This is one of the ideological bases for unity, though loose, in the unions. Although the economic interests of both the unions and their member units are considered, it is sometimes necessary to make a little "sacrifice" by providing free materials, equipment and factory space for certain new experiments. When the Wafangdian Textile Mill, a member unit of the Dalian Textile and Printing Dyeing Union, was trying to produce plush products, the Tongde Chemical Industry Plant offered a free supply of size for the experiment. Again, when the Dalian Municipal Light and Chemical Industry Institute needed polyester fiber materials for its experiment on some finishing agent, two other member units, namely the Dalian Cotton Textile Mill and the Dalian Printing-Dyeing Plant supplied them free.

3. Guaranteed by contract; adjustment still indispensable. The duties, responsibilities, and the way of distribution of economic benefits for the member units of unions are all spelled out in the regulations or contracts. The regulations or contracts, once adopted or signed, will be strictly observed and implemented. However, contracts cannot be all-embracing. Under the existing system, there are still contradictions of one kind or another in the unions, and some highly effective ways of adjustments should be found to solve the real problems in the production which cuts across different trades, departments or units. Dalian Municipality has adopted the method of two-level adjustment. At the municipal level, a meeting is held every month, presided over by the mayor and participated by the relevant departments, to discuss, and to make adjustments for important problems in the scientific research and production unions. At the union level, such problems are handled and adjusted at the regular meetings of the councils set up according to the conditions of individual units. The day to day adjustments are undertaken by a special organ set up in the municipal scientific and technological commission.

4. The need for production is to be developed and for scientific research to take the lead. The consolidation and development of the scientific research and production unions is basically dependent on scientific and technological progress. The unions must continue to develop their production and increase

their economic benefits before the mutual benefits, to which these bodies owe their existence and development, can be guaranteed. At the same time, they must rely on scientific and technological progress before their production can have a foundation of advanced technology and yield even larger economic benefits. The unions always devote their efforts to the key projects for which advanced technology is available and which can yield good economic results; and in view of the progress of technology and the change in market conditions, they should lose no time in readjusting certain old projects which no longer suit the new situation and arrange for some new projects which are more significant. Scientific research projects must be kept constantly up to date and the most up-to-date scientific and technical achievements must be available in the sphere of production in order that the integrated bodies can have their permanent vitality. From the research and production out of these projects, the member units will not only make greater contributions to the state, but also increase their own income and become increasingly active in mutual coordination. After incurring losses for many years, the Anshan Ventilation Equipment Plant soon turned their losses into profits by relying on the new scientific and technical achievements supplied by the unions. The Dalian General Refrigeration Equipment Plant also solved 16 difficult technical problems by relying on the advanced technology provided by its union, and in only 8 months, accomplished the difficult task of manufacturing combined refrigerators. The Yingkou Lighting Materials Plant, whose products had not been selling well for a long time, also relied on the most up-to-date scientific and technical achievements provided by the union to raise the quality of its fluorescent powder to the advanced national level overnight. The tremendous economic value created by science and technology, like a bonding agent, has closely united the member units within the integrated bodies.

To suit the requirements of economic construction, unions as a new form of combination of scientific research and production, have emerged in our province. Their development will certainly provide a broader road to the grand objective laid down by the 12th National Party Congress. However, they are after all an innovation which cannot be perfect, and which still have many difficulties ahead. For example, the channels of planning are not quite open; fine quality does not guarantee a good price; there are no fixed sources of funds, and no encouragement for technical progress from taxation; and so forth. All these problems should be quickly solved. At present, the first problem to be solved is still that of understanding, particularly understanding on the part of the relevant leadership. Because of the effects of "leftist" ideology, some comrades are still accustomed to the old road, and fail to see that under the existing system, unions are an effective way to solve the problem of treating scientific research and production as "two unrelated matters" by relying on intensive development of production. These comrades may consider them not worth while, or may simply look on passively. It is therefore necessary that the party committees and governments at all levels should include this work in their meeting agenda. The economic, planning, scientific and technological and finance departments should show concern for them, support them, and study and work out correct policies for the healthy development of unions so that they can play an increasing role in creating a new situation for scientific research and production.

ECONOMIC MANAGEMENT

PLANS FOR FUNDING KEY DEVELOPMENT PROJECTS SUGGESTED

Yinquan NINGXIA RIBAO in Chinese 14 Oct 82 p 3

Article by Wang Xikun [3769 1585 098]: "Ensure the Completion of Key Construction Projects by Providing the Necessary Funds"

Text In his report at the 12th National Party Congress, Comrade Hu Yaobang presented a grand blueprint for creating a new situation in all fields of socialist modernization in these words: "The general objective of China's economic construction for the two decades between 1981 and the end of this century is: while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production--from 710 billion yuan in 1980 to 2,800 billion yuan or so in 2000. This will place China in the front ranks of the countries of the world in terms of gross national income and the output of major industrial and agricultural products; it will represent an important advance in the modernization of her entire national economy; it will increase the income of her urban and rural population several times over; and the Chinese people will be comparatively well-off both materially and culturally." This is the strategic objective worked out by the Party Central Committee for our national economic construction on the basis of realities at home and abroad, through scientific investigations and forecast, and by seeking truth from facts. This grand blueprint for national economic development strongly represents the basic interests and ardent desires of people of all nationalities in the country, and has greatly stimulated and aroused the enthusiasm of people throughout the country for a triumphant advance to the goal of the four modernizations. We firmly believe that, under the wise leadership of the CPC, people throughout the country will work hard with one heart and one mind. A new situation of socialist modernization will certainly arrive, and the grand strategic objective can certainly be attained!

To attain the strategic objective for the coming 20 years, "the state must concentrate needed funds on key development projects in their order of importance and urgency."

As we know, there are two channels for the state to collect and to distribute funds, namely the treasury and the bank.

In order to concentrate needed funds on the state's key development projects, we must first bring into play the role of the state treasury in the collection and distribution of funds. In the past several years, earnest implementation of the "eight-character" policy of "readjustment, restructuring, reorganization and improvement" has helped develop social production to varying extents; the total industrial and agricultural output has been increased; and the people's livelihood has also been duly improved. "Cooking in separate kitchens" in the financial system, expansion of decisionmaking power for enterprises and the extensive adoption of the reward system have greatly aroused the enthusiasm of the localities, enterprises and their workers and staff members in production, and produced marked effects in stimulating the economy. Yet we must not overlook certain problems in the course of our advance. For example, instead of increasing along with the development of production and increase in national income, the revenues in the hands of the state treasury have even decreased. In 1981, as compared with 1978 on a national scale, the total industrial and agricultural output value increased by 180 billion yuan, but the treasury's revenues were decreased by 11.7 billion yuan. In our region, both production and financial income were reduced in the 3 years from 1979 to 1981 in varying degrees (although an upswing began in 1982). To ensure that the state's key development projects can be carried out and that the people's material and cultural life can be steadily improved, we must implant the idea of coordinating all the activities of the nation like moves on a chessboard, and correctly handle the relationship between the state, the collective and the individuals. In the distribution of national income, the proportion of funds for redistribution by the state should be raised; the ratio of distribution between the central government and the localities should be readjusted; the retained profits of enterprises should be appropriately reduced; and the real economic power for the four modernizations should be strengthened by the continual increase in the state's budgeted revenues. The state must have abundant financial resources before we can meet the requirements of economic construction, educational and scientific undertakings; the expenditures in social welfare, administration, national defense and preparation against war; and the need of enterprises for regular circulating funds; and at the same time ensure the availability of funds for the key development projects in energy and transportation. In addition, the funds outside the local and enterprise budgets should be included in the state's overall financial plan so that they can be properly pooled and selectively used in carrying out technical transformation with energy conservation as the central task; in promoting intensive expanded reproduction; and in attaining the goal of increasing the productive capacity of the existing enterprises, raising the output and product quality, reducing consumption, conserving energy, and achieving optimal economic benefits.

Next, we should give full play to the bank's role in the accumulation and distribution of funds or in handling deposits and loans.

Bank deposits are an important source of loans. We should make great efforts in attracting deposits (including savings deposits) so as to turn consumption funds into production funds. By turning short-term deposits into long-term deposits, we will be able to not only balance the credit funds and support the development of production, the expansion of circulation and the development

of energy and transportation, but also play an important role in keeping our financial receipts and payments balanced and in reducing the issuance of currency. In our region, bank deposits of various types, like those in the country, are steadily increasing, and the increase in savings deposits is particularly large. Up to 20 August, the savings deposits in the urban and rural areas of our region totaled 198.46 million yuan, a net increase of 34.53 million yuan over the end of 1981. The annual plan for an increase of 30 million yuan in savings deposits was overfulfilled 4 months ahead of schedule. The absorption of idle funds by encouraging bank deposits is an important means to concentrate needed funds on key development projects for the state. Therefore, while vigorously promoting savings deposits, we should pay even greater attention to the use of economic means to organize and mobilize the public funds so that the local and enterprise funds outside their budgets can be deposited in the bank. This will strengthen the banks' position in granting credit.

Attention to bank credit is an important aspect of stressing "funds accumulation." Credit funds from the bank form a large proportion in the composition of circulating funds for industrial and commercial enterprises, and have a direct bearing on the overall national economy. Therefore, while giving full play to the role of the state treasury in redistribution, we should also attach great importance to the grant of bank loans so that the bank could become a useful supplement to the treasury. Along with the progress of the readjustment of the national economy and the restructuring of the economic system, the bank's field of activity has become markedly enlarged with corresponding broadening of the scope of loans, which are now granted not only as a supplement to circulating funds, but also as medium-term or short-term equipment loans to support the technical transformation of old enterprises or to fill other gaps. To reduce the state's financial burden, banks have also granted long-term and medium-term development loans for the key projects in energy and transportation in recent years. Therefore, enhancing the effects of bank loans now is more important than ever, and in granting loans, the bank cannot for a moment deviate from the important principle of improving economic results. In granting each loan, it must consider the economic results in the second decade. We must at all times bear in mind the principle that the state "must concentrate needed funds on key development projects in their order of importance and urgency." Provided the ratio between accumulation and consumption can be harmonized, we should vigorously support light and textile industries and at the same time improve the basic work in energy and transport which concern the national income and people's livelihood.

Both the treasury and the bank are important departments in the national economy. To bring about an all-round upsurge in socialist economy, we must set a lofty communist goal and form the concept of an overall situation. We must have a unity of will and efforts and closely cooperate and support one another in striving for a basic balance between receipts and payments in finance and credit and for the basic stability of currency and price so that our finance and economy will finally take a fundamental turn for the better. In the 1980's, we must first streamline the proportionate relationships, improve the economic results, accumulate the resources and laid a solid foundation for the vigorous development of economy in the next 10 years; and then struggle for an all-round upsurge in socialist economy!

ECONOMIC MANAGEMENT

BRIEFS

HEBEI TO ORGANIZE ENTERPRISE CONSOLIDATION--The provincial government recently decided that in enterprises where management is poor and losses have been made for a long time, the principal leading cadres must be dismissed on the spot and replaced by able people. The dismissed cadres cannot assume similar posts elsewhere. This was stated yesterday by Vice Governor Guo Zhi at the provincial conference on planning, indust, communications and capital construction. Guo Zhi said: Hebei must launch enterprise consolidation in an all-round way this year, focusing on the key points. Some 50 percent of the enterprises must meet the consolidation criteria by yearend. At the same time we must focus on 100 large and medium enterprises with large tax and profit turnovers, and apply these as the key points to gradually lead forward the whole effort in greater depth. Guo Zhi stressed: The standard of enterprise consolidation should mainly be judged from economic results. If these are poor, the task of consolidation has not been completed. [Text] [HK180329 Shijiazhuang Hubei Provincial Service in Mandarin 0400 GMT 9 Jan 83]

CSO: 4006/196

FINANCE AND BANKING

PRC AGRICULTURE BANK LOANS TO DEVELOP RURAL AREAS

OW160512 Beijing XINHUA Domestic Service in Chinese 0727 GMT 13 Jan 83

[Text] Beijing, 13 Jan (XINHUA)--To economically and rationally develop and utilize hilly land, prairies, waters and other natural resources and fully and reasonably utilize noncropland, the China Agriculture Bank from this year offers development loans on a trial basis.

Development loans will be used mainly in developing agricultural, forestry, animal husbandry and fishery resources and supporting crop-farming, aquiculture and small production and construction projects that cover a long production period and require investment over the years in order to form steady productive forces for a protracted period. The loans are intended for the specialized teams, specialized groups, households doing specialized jobs besides crop cultivation, and other new economic combinations under the output-related system of contracted responsibilities. The term of the loans is, in general, under 10 years.

A responsible person of the China Agriculture Bank pointed out that the offering of development loans is of strategic significance. For example, about half of China's agricultural population lives in areas where the peasants have shortages in fuel and use animal droppings and trees and grass roots as fuels. The several hundred million dun of straw burned by the peasants in the country annually for cooking and heating would make very good organic fertilizers and their burning affects soil fertility and is a big loss to the country. If we support the specialized teams and contracting groups and households in developing, in accordance with the actual situation in each locality, firewood forests, small hydroelectric power plants and solar energy in order to solve the energy problem in the rural areas, the peasants would not fell trees and pick grass for fuel, thereby promoting soil and water conservation, turning animal droppings and straw into fertilizers and raising soil fertility so as to increase the production of grain and cash crops.

CSO: 4006/205

FINANCE AND BANKING

'BEIJING RIBAO' URGES BUYING OF TREASURY BONDS

HK190931 Beijing BEIJING RIBAO in Chinese 14 Jan 83 p 1

[Commentator's article: "Enthusiastically Buy State Treasury Bonds To Support Socialist Construction"]

[Text] In order to appropriately concentrate financial resources from all fields and use them for socialist modernization, the State Council has decided to issue more state treasury bonds in 1983. It is hoped that all departments and units and the masses in this municipality will carry forward the patriotic spirit and enthusiastically buy these bonds, fulfilling the quotas assigned by the state.

Since the 3d Plenum of the 11th CPC Central Committee, the national economy in our country has tided over many difficulties and has moved onto the path of steady development. However, quite a few problems still exist in the national economy. Taking finances as example, a basic balance is not equal to a complete balance. The fact that the management of funds is excessively decentralized and that the state's key projects are short of funds is still a prominent problem. In order to realize the grand objective of quadrupling output value, we need a large sum of funds for the key construction projects. To solve this problem, we should rely on raising funds at home by appropriately concentrating part of the funds from all parties. At present, the figure of funds controlled by various localities, departments and units is not small. Funds outside the state budget in this municipality amount to 2.2 billion yuan and the figure tends to grow yearly. After some special funds earmarked for some specified purposes are deducted from the above figure, the funds which can be flexibly utilized by various departments still amount to 1.65 billion yuan. By summing up the amount of funds that the state plans to collect for the construction of key energy and communication projects and the quotas of state treasury bonds assigned to various departments, the total is less than 13 percent of the above figure. Moreover, from a long-term point of view, the measure of the state concentrating a certain amount of scattered funds and investing them in the construction of key projects will eventually benefit the development of production in various enterprises.

In recent years, with the development of industrial and agricultural production, the increase in employment, the adjustment of workers' wages and the rise in purchasing prices for agricultural and sideline products, the actual incomes of

most urban and rural people have increased. Their savings have also greatly increased for several years running. This year the quota assigned to individuals in our municipality is 71 million yuan, which only amounts to 3.7 percent of the total personal savings in November 1982. The purchase quotas assigned to workers and peasants respectively account for 2.5 percent of the total wages by the end of 1981 and 0.92 percent of peasants' total income in 1981. Furthermore, state treasury bonds are repayable and they in effect have the character of fixed deposits. By issuing bonds the state can concentrate a certain amount of funds originally controlled in the hands of the people. The finest fragments of fox fur, when sewn together, will make a robe. This will speed up construction in our country and is in the long-term interests of the people.

The people in the capital have a high degree of political consciousness and patriotic spirit. So long as we earnestly do a good job in propaganda and organization, the task of issuing state treasury bonds in the capital this year can certainly be successfully fulfilled.

CSO: 4006/205

FINANCE AND BANKING

CIRCULATION OF CURRENCY IN HEILONGJIANG PROVINCE SURVEYED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 23, 4 Dec 82 pp 33-36

[Article by Heilongjiang Provincial branch of the People's Bank of China:
"Adjust to New Changes and Improve Readjustment Work In Currency Circulation;
A Survey of Currency Circulation in Heilongjiang Province"]

[Text] Recently a survey has been done in six separate cities and counties of our province, including Mudanjiang City and Suihua County concerning the circulation of currency. Our bank has done a comprehensive analysis combining relevant data from the entire province with the findings of the survey. Our findings can be summed up as follows:

1. New Conditions and New Changes in Circulation of Currency at Present

With our national economy being lead by the guiding principle of "taking the planned economy as primary, and the regulatory role of the market as supplementary," the economy of both city and countryside has been quite lively. However, some new conditions and changes have emerged which have had a great effect on the further improving of currency circulation, and need to be seriously studied and resolved.

(1) Work in commodity supply is not keeping up with the masses' consumer needs, and the proportion of cash as a commodity withdrawn from circulation has gone down. For the last several years the absolute value of cash withdrawn from commodity circulation has increased, but because of commodity sales, the proportion of paper money withdrawn has decreased greatly. At the present time there are four main problems involved in increasing the withdrawal of cash as a commodity from the market:

1. The proportion of commodities suitable for sale of all commodities in stock has decreased. According to the estimates of the relevant provincial departments, 13.1 percent of total commercial goods in stock in the province are problem commodities. In addition, according to the structural analyses of goods in stock of several counties, the percentages are far worse--one-fourth of the goods in stock in wholesale departments, and one-fifth in retail departments are problem commodities. Goods are overstocked for periods ranging from 3 years to over 10 years.

2. The variety of goods has decreased, with popular goods of dependable quality sold out or out of stock. Some commercial departments only pay attention to larger goods and goods that sell quickly, which leaves only a dull selection available. As a result, popular, dependable goods, goods which normally lead to the withdrawal of currency from circulation, get sold out or are out of stock. The center that wholesales to department stores in Yian County manages over 6,000 commodities, whereas the three department stores of the county seat only put on display some 3,000 commodities; after deducting 1,000-odd luoling [out of season] commodities, there are still 2,000-odd commodities not on display in the counters. Other places are the same.

3. Our work in commodity supply is not meeting the rapidly changing demands of the market. As the living standards of the people in the cities and countryside are raised, the people's demands towards commodities constantly change as well. The main characteristics of these new demands are: in food, a demand for fineness and nutrition; in clothing, a demand for quality and style; in articles for use, a demand for complete sets and extravagance; in housing, a demand for comfort and spaciousness. (1) New changes have occurred in patterns of demand in industrial products. At present the emphasis on consumption of living expenses of urban employees is on eating, but the order of priorities has changed from the original food, clothing and articles for use, in that order, to food, articles for use and clothing. And the emphasis for peasants has switched from food to clothing, followed by durable consumer goods. As peasants have more money now, they tend to buy more higher priced commodities. (2) New changes have occurred in the purchasing psychology of the masses. Nowadays, there are two commodities that urban and rural residents will buy, and three commodities they won't buy: the first commodity they will buy is famous brand products for which they will rush to purchase; the other is truly inexpensive commodities for which they will also vie to purchase. The three commodities they won't buy are goods poor in quality and color, goods that are not original in style and goods that are not of immediate necessity. (3) New changes have occurred to the period of time in which commodities are "in fashion." The masses' demands toward commodities are constantly in flux. Some commodities might sell well one season or one month, and have to be reduced in price in order to sell. When some commodities are in short supply there is great competition to purchase them, but as soon as output catches up and supply improves, the masses don't need them anymore. (4) New changes have occurred in the demand for durable consumer goods and building materials. First, there has been a shift in needs for middle and high priced durable consumer goods from a contradiction of quality to one of quality and price. According to a survey done in Hailun County, the supply of durable, name-brand consumer goods can only satisfy 20 to 30 percent of the demand. Second, there is an outstanding contradiction in the supply of building materials for civil use. Calculating from a sampling made of 510 commune families in 18 counties, as many as 34.5 percent of all peasant households want to build new homes, but expenses involved in purchasing building materials are 31.3 percent of total living expenses; at present the need for large quantities of building materials cannot be met.

4. There is an imbalance between the amount of industrial goods that get down to the countryside and the increased purchasing power of the peasants.

So far there definite limits on the withdrawal of currency from circulation in the country.

The first limit is that purchasing power in the countryside is increasing at a faster rate than in the cities. From 1978 to 1982, purchasing power in the countryside increased at an average annual rate of 13.1 percent, which was faster than the increase in the cities by an average of 1.45 percent. The proportion of total commercial sales that were sales from commerce departments of the entire province to the supply and marketing cooperatives has gone down every year--in 1979 it was 18.34 percent, in 1980 it was 15.69 percent, in 1981 it was 15.03 percent and from January to August of this year it was 14.03 percent.

Some commodities are in short supply and can't meet the needs of the rural market. According to the provincial supply and marketing cooperative, 68,000 fewer bicycles (27 percent of the plan) were allotted to the countryside in 1981 according to the province's investigation of the plan; 39,600 fewer sewing machines (28.4 percent of the amount originally planned) were allotted to the countryside.

Secondly, commodity supply to rural markets is increasing comparatively slowly. If total sales for the province in 1979 are taken as 100, total retail commodity sales for 1980 throughout the countryside in the province was 111.5; in 1981 it was 108.9. Total commodity retail sales in the cities in 1980 and 1981 were 122.2 and 115.8 respectively.

Thirdly, there is a big gap in commodity supply and needs. In 1981 there was an average annual amount of 49.12 yuan per peasant of unrealized purchasing power throughout the markets of the entire province. This is a potential force in the withdrawing of currency from the market.

It is difficult to get industrial goods down to the countryside at the present. The main difficulty is that there is a lack of investigation into the supply and demand situation in the countryside. Wholesale commerce departments cannot yet really stick to the principle of the "Two Priorities" in commodity distribution. In addition, there exists in some basic level cooperatives, an attitude of being concerned with overstocking but not concerned about goods going out of stock, which results in there being fewer and fewer varieties of goods being sold. Secondly, goods are intercepted and held at every level. There are some industrial commodities in great demand few of which get down to the countryside even though the quotas for these goods have been received there. This year not even one of the 46 "Phoenix" brand bicycles purchased by Ravan County's commerce department were delivered. The bicycles sent out to the countryside by Sunghuajiang's supply and marketing cooperative (one each of "Flying Pigeon," "Yongjiu" and "Red Flag" brands), were all intercepted and kept at the county level.

(2) Surplus purchasing power has increased, and there is a definite proportion of this that goes for saving for specific purchases. These last few years, surplus purchasing power has increased every year, due to an increase in purchasing power of residents and a decrease in the growth rate of the amount

of commodities that can be supplied. But because of changes in commodity supply and demand, there has been a distinct shift to saving money at a bank until the specific desired purchase can be made, instead of spending savings on whatever is available at the moment. By the end of August this year, excess savings deposits in towns and cities of the province reached a value of 2,117,680,000 yuan which was an increase of 359,740,000 yuan or 20.5 percent compared with the end of 1981. According to an investigation made in the three cities and counties, the increase of savings deposits for the last eight months showed the following characteristics:

As far as deposit periods were concerned, there were more fixed time deposit accounts with large sums of money in them than there were smaller, current demand savings deposits. This shows that savings have increased in stability.

As for the sources of the savings deposits, changes have occurred in the different strata of people who have them, with an increase in the number of peasants who go to the cities to make deposits. One reason for this is that peasants have more cash due to the system of job responsibility implemented these past few years. The second reason is that some commune members are afraid of showing their wealth, or are afraid that friends or acquaintances may try to get free loans from them.

As for tendencies in savings, a definite proportion of savings are intended for purchase of specific items. Surveys reveal that this year's increase of savings was overwhelmingly stable, but that part of it was for savings for specific purchases, and as commodity supply takes a turn for the better, this sector of the currency will show a tendency to increase.

(3) The proportion of funds needed for capital construction that is locally raised has increased, as have the amounts of cash that are drawn. A comparison of this year's capital construction in our province with past years shows four differences: One is that the proportion of projects calling for extra-budgetary funds has increased; the second is that non-productive construction projects have increased; the third is that there has been a great increase in building construction; the fourth is that there has been an increase in the amount of cash being drawn on.

The reasons for this year's increase of the amount of cash drawn for investment in basic capital construction: One was increased construction costs. Most of the raw materials needed for projects outside the plan are gotten by using all possible connections and sources and purchasing at very high prices. The real prices of some primary raw materials are 50 percent and even 100 percent higher than the prices set by the state plan. Some materials have to be purchased from non-government sources among the people, which cause an increase in project construction costs. The second was the problem that exists in the ranks of the construction teams. Many construction projects for which funds were raised by the enterprises themselves were building or piecemeal projects, the overwhelming majority of which had to rely on ranks of laborers recruited from non-government sources among the people, so that the part of the funding that went for wages had to be paid out directly in cash. The third reason was that due to the fact that enterprises are encouraged to do their own

building construction with assistance from the state, some units give cash to employees to win tasks have been assigned, which has expanded a part of the cash outlay. The main reason is that expenses involved in finding all the contacts and sources necessary have gotten higher and higher.

(4) Commune members have many ways to become well off through labor. There are frequent transactions among the people themselves with an increase of idle currency circulating in the hands of the commune members. Based on the results of a typical survey of 600 households in 22 counties, the total amount of money involved in transactions among the people for the province was 200 to 300 million yuan in the first half of this year. This situation will continue to develop from now on.

(5) A minority of people hold large quantities of currency, which has an effect on the timely withdrawal of currency from the market. There has been an increase in the number of self-employed households and households engaging in specialized enterprises among the residents of both city and countryside. The revenues of these households are greater than their expenses, which causes some currency to be gradually concentrated in their hands. For example, in Suihuan County there is a couple named Xu, originally both employed workers, who opened two commercial vendor's booths after retiring. Their net income over the last two years was over 20,000 yuan, but they didn't put any of it in a savings bank. In Shuangsheng Production Brigade, Hailun County, a self-employed specialty household surnamed Wang, had a net income of 13,000 yuan of which 6,000 yuan is still in their hands. The above-mentioned households that have large quantities of currency don't occupy a big proportion of the local population, whereas a rather large portion of the population holds some currency. For example, in Mudanjiang City, 23.4 percent of the local population has large quantities of currency, whereas up to 70.1 percent hold some currency.

2. A Basic View of Current Currency Circulation

Since the Third Plenum of the 11th Party Central Committee, the economic situation in both our province and in the country as a whole has been very gratifying due to the implementing of the policy of readjusting the national economy. Industrial and agricultural production has continued to increase during the readjustment, commodity supply is increasingly abundant, urban and rural markets are lively, buying and selling have been brisk, and the situation in currency circulation has taken a clear turn for the better. The main signs of this are: There has been a great turn for the better in the supply of commodities to the market, and the range of commodities that requires coupons or ration tickets for purchase continues to shrink; the increase of income of urban and rural residents is increasing at a faster rate than the increase in prices, and there has been an improvement in living standards. Also, the people feel more secure, so there has been a great increase in the amount of money in urban and rural savings deposits accounts; there has been a decrease in the amount of currency going out of the province and a tendency towards stabilization of currency flow.

In summary, ever since the Third Plenum of the 11th Party Central Committee, currency circulation in our province has generally been good, but there has yet to be a fundamental turn for the better. The readjustment of the national economy involves a whole process, and there are various economic policies that have yet to be realized. Therefore, problems of too much paper currency on the market and of the imbalance between supply and demand of commodities have not really been completely resolved. In the end of 1981, the amount of paper currency circulating in the markets of the province increased by 25 percent compared with last year. Although vigorous measures were taken in the first eight months of this year to withdraw currency from the market, the amount of currency circulating on the market increased by 20.4 percent compared with the same period last year. When this is compared with the development of the national economy, the amount of paper money on the market still tends to be excessive. This is concretely manifested in: (1) the fact that the amount of currency circulating on the market is increasing at a faster rate than the increase of industrial and agricultural production. In 1981 the amount of currency circulating on the market in our province increased 25 percent over last year, but total output value in industry and agriculture only increased by 1.28 percent. (2) The increase of the amount of currency on the market is not suited to the amount of suppliable commodities. In 1981 total social retail commodity sales in our province increased by 11.8 percent compared to last year; this was 13.2 percent less than the increase of circulation of currency on the market. Some commodities are in short stock. In 1981 the amount of the difference between supply and need of commodities increased greatly from 1980's 410 million yuan to 830 million yuan. (3) There is still a definite increase in commodity prices. This year prices have continued to rise. In the first half of the year, in addition to a small increase in the retail commodity price index compared to the same period last year, the main continued increases in commodity prices have been in the peasant markets.

3. A Few Ideas Concerning the Regulation of Currency Circulation

The Third Plenum of the 11th Party Central Committee put forth the grand strategic goal of quadrupling our country's total output of industry and agriculture by the end of this century. Maintaining a stable, normal circulation of currency is an important condition necessary to realize this grand goal. In view of the tendency to have too much paper currency on the market at present and the new situations and problems that have appeared in currency circulation under the new circumstances, it is our belief that the following work must be done in order to make a new breakthrough in socialist construction and to strive for a fundamental improvement in the circulation of currency:

- (1) We must continue to implement the policy of stabilizing the currency and must promote a fundamental turn for the better in the financial and economic situation. The main reason for there being something of an excess of paper currency on the market at present stems from the largely positive developments in the economy that took place after the Third Plenum of the 11th Party Central Committee; this excess is totally different than the excess that occurred during

the difficult period of the 1960's. However, we cannot take the problem lightly; we still must persist in implementing the policy of stabilizing the currency, insist the economic issuing of currency and improve supervision of credit funds, strictly control commodity prices and the irrational release of currency on to the market, actively support production, enliven the economy, increase the supply of goods to the market, increase the withdrawal of currency from the market so that the amount of currency on the market will gradually come to suit economic development and create conditions for a favorable turn in our country's finances and economy.

(2) We must develop the economy and raise funds for the state. Large amounts of capital will be needed to triple industrial and agricultural production, and the banks ought to play a role in raising funds for construction. Considering the amounts of currency presently in the hands of urban and rural residents, there are rich sources for potential savings. Therefore we have to conduct our work in savings in light of the fact that currency is concentrated in the hands of a minority, and make households with large amounts of currency the focus of our work in developing savings rates by improving services and increasing the types of savings accounts available in order to adapt to the different demands of different depositors. As those households who have large amounts of savings covered in this survey are very interested in interest-bearing savings bank accounts, we could at the same time consider allowing long-term high-interest savings accounts, and economic construction bonds for which high interest is paid on a yearly basis, and so on. In this way we could absorb as much funds as possible which would be beneficial in stabilizing the circulation of currency and in the construction of the four modernizations.

(3) We must readjust patterns and composition of commodities in reserve to suit the changing needs of the market. From the situation revealed by the survey, the banking departments have to help the commercial departments in three ways:

First, the banking departments have to assist the wholesale commerce sectors study changes in the needs of urban and rural residents, analyze the composition of goods in stock, and based on the directions of consumer purchasing power and starting from the link of delivery to the warehouses, readjust patterns of goods in stock and encourage a survey of the composition of industrial products. Retail commerce departments have to be helped to make lists of the most necessary commodities and to overcome the attitude of only caring about large products while ignoring smaller goods in doing business. Equal stress has to be placed on selling both large-scale, high-priced commodities and small but popular and reliable commodities. All varieties of commodities should be available, and should be delivered and sold quickly.

Secondly, the commerce departments have to be helped in getting industrial products down to the countryside in order to provide an abundance of materials to increase the withdrawal of currency from the rural market. The countryside is a vast market for industrial products. The primary direction for increasing withdrawal of currency is toward the countryside. Therefore, we must actively organize to get industrial products down to the countryside and put an end to

the state of affairs of poor commodity sales in the countryside. The supply of a definite proportion of commodities in short supply due to lack of sources will have to be guaranteed; interceptions of commodities at other levels cannot be allowed. Comparatively more industrial products could be supplied to areas which sell relatively more agricultural by-products to the state in order to meet the needs of growing purchasing power in the countryside.

Thirdly, more accurate economic information must be provided to industrial and commercial departments. At present the phenomenon of blind production and blind purchasing in some units is still rather common. Some commodities are plentiful at times and then in short supply at other times, or are over-stocked at one place and out of stock somewhere else, which causes supply to be divorced from demand. All this is related to insufficiently accurate predictions concerning the market and lack of regular exchange of information.

Therefore, the state ought to set up economic information centers and organize all the relevant departments to create a network of economic information. The banking departments have to take advantage of their vast contacts and favorable ties with industry and commerce to develop work in market conditions prediction, business forecasting, consulting, etc., and to study developments and changes in commodity supply and demand. Doing a good job of work in sales of industrial products will provide a viable basis for encouraging production in textiles and light industry.

(4) New territories must be opened up in the withdrawal of currency from the market, and a prosperous socialist economy must be brought about. At present there is a bit too much paper currency on the market. Basing ourselves on the survey, we feel that the new development of withdrawing currency from the market by absorbing large savings deposit accounts involves the following aspects:

First, the state must release on to the market some building materials for civil use. There is a pressing need for these materials at present among both urban and rural residents. According to calculations, if 50 percent of the masses' needs for building materials such as lumber, steel products, cement and glass are met, in one year 200 to 300 million more yuan could be withdrawn from the market in our province; at the same time, some contradictions between commodity supply and need could be alleviated.

Secondly, the state ought to establish commodity service centers for good breeds of livestock and domestic fowl. The vast numbers of agricultural commune members now have a very pressing need for better livestock and domestic fowl as the policy of enriching the populace strikes deep root in the hearts of the people. At present transactions in this sector are conducted among the people themselves and there is a big gap between supply and need. If each county could set up a commodity service center to provide milk cows, milk goats, breeding rabbits, breeding chickens and other fine types of livestock and domestic animals, it would not only encourage the development of the

production of agricultural by-products, but also could reduce part of the paper money on the market.

Thirdly, the production of name-brand bicycles, sewing machines, televisions, washing machines and other products ought to be expanded. At present the quantity of durable consumer goods has increased quickly, but there are problems of quality and price.

There is a lot of demand among the masses for name-brand products, and little demand for goods of poorer quality. If there are no strict limits on the production of the poorer quality products, there will be serious overstocking. Therefore, the state ought to focus on factories that produce name-brands and organize factories that produce the same type of product to carry out coordination among specialized departments, and engage in large-scale mass production in order to gradually reduce the gap between supply and need. At the same time, we must improve the development of new products, increase the pace of replacement of older products on the market with newer ones, satisfy the people's needs, encourage consumption and withdrawal currency from the market.

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FINANCE AND BANKING

CONCENTRATING FUNDS ON KEY CONSTRUCTION PROJECTS

Beijing CAIZHENG [FINANCE] in Chinese No 11, 5 Nov 82 pp 3-5

[Article by Zong Heji [1350 0735 6060]: "Concentrating Funds to Guarantee the Key Construction Projects of the State"]

[Text] In his report entitled "Create a New Situation in All Fields of Socialist Modernization" made at the 12th CPC National Congress, Comrade Hu Yaobang put forth the strategic objective of striving to quadruple the annual gross value of industrial and agricultural output over the next 20 years of China's economic construction. In order to attain this objective, it is necessary for the state to concentrate needed funds on key construction projects. This is an important guiding principle for the proper performance of finance work at the present time. Now let us examine this problem on the basis of what we have learned in our studies.

I

In discussing the point that the state should concentrate needed funds on key construction projects, Comrade Hu Yaobang pointed out that: While endeavoring to overcome the phenomenon of undue decentralization in the use of funds, it is necessary to bring into play the initiative of all concerned to expand production, to raise economic effectiveness, so that the national income may rise more rapidly." This is totally correct. At present, in the sphere of fund distribution, the situation of decentralized funds really calls for serious attention. Decentralization of funds primarily manifests itself in the following four areas:

(1) The proportion of the national income occupied by the centrally allocated state revenues is excessively low. In 1980, state revenues declined to 28.5 percent of the national income, while in 1981 they again declined to 25.9 percent. Since the proportion of accumulation to consumption has been adjusted during the past few years, and the enterprise's self-management has been expanded, the state has consciously allowed enterprises to retain a few more funds to increase somewhat the income of staff and workers and peasants, and the proportion of the national income occupied by state revenues has declined a bit. This is necessary as well as unavoidable. An excessive decline or an excessively low proportion may weaken the financial power of the state.

(2) Extrabudgetary funds have been growing rapidly. During the last 3 years, extrabudgetary funds increased by an average of about 15 percent every year, and in 1981 the total amount of extrabudgetary funds was the equivalent of slightly more than half of that year's national budgetary receipts. The excessive size of extrabudgetary funds serves to focus attention upon the problems existing in the distribution of funds by the state.

(3) Because the portion of state funds which is centrally allocated is small, there is a direct effect upon the concentrated utilization of state funds and it begins to happen that the proportion of self-raised funds used in fixed-asset investments is very great. Currently, investments within the state budget, including construction projects accomplished with foreign loans, are only a little over one-third of all fixed-asset investments nationwide, the vast majority being all kinds of self-raised funds, including projects accomplished with bank loans.

(4) The amount of various financial subsidies is getting greater and greater. In 1981, the total amount of the various state price subsidies was approximately one-third of that year's national budgetary receipts, having increased 2.5 fold from 1978. Most of these price subsidies, especially those for the people's daily necessities (mainly for farm and sideline produce) are necessary, but there are some which have exceeded the relevant state regulations in the process of implementation, and have intensified its burdens. This needs to be rectified.

In addition, there have been difficulties within the state financial apparatus for the last few years and if we compare the financial situation of the central financial authorities with that of the local financial authorities, even though there are difficulties on the local level, the problems of the central financial authorities are worse. In order to balance revenues and expenditures, the central financial authorities have been forced to borrow repeatedly from the local financial authorities. This is also a reflection of the problems existing in the distribution of funds by the state.

In resolving the dialectical unitary relationship of fund distribution with regard to the issue of centralization and decentralization, we may have had successful experiences over the years, but we can also draw useful lessons from our failures. Heavyhandedness, over-centralization, and inflexibility will, of necessity, affect the enthusiasm of all concerned; and laxity and excessive decentralization can also affect the macroscopic balance of the national economy. Our task under the new conditions is to search for the rational bounds of distribution, to correctly handle the relationships between the two levels of financial authorities, and between the state and the enterprise, so that our country's financial organs can guarantee the concentration of needed funds, and strive to promote the development of the national economy.

II

Why should funds be concentrated in an appropriate way by the state?

(1) Planned economies require centralization of funds. Ours is a socialist nation which carries out a planned economy on the basis of public ownership. The fundamental requirement is to include basic production and circulation within the unified planning of the state. If the state does not have a firm grip on our rich material foundation, then there will be no powerful state-operated industry, communications and transportation, or commerce; if financial and material resources are not concentrated, then the planned economy cannot be carried out; and once the state's basic production and circulation have been removed from the sphere of unified planning, it will be difficult to stabilize the economy as a whole and even less will it be possible to advance along the path of proportionate and planned development. Therefore, concentration of needed funds by the state is a requirement of a planned economy.

(2) Key construction projects required the concentration of funds. In order to realize the strategic objective of economic development for the next 20 years, the most important thing is to resolve the problems of agriculture, energy, communications, education, and science--these are the strategic priorities of economic development. Funds are required to guarantee [the completion] of these key construction projects. At present, the strain on energy and communications has become an important factor hindering our country's economic development. Both energy and communications projects, moreover, are characterized by a long construction cycle, a high degree of difficulty and a vast amount of investment. In general, they require the state to be responsible for construction. In order to facilitate a vigorous economic development in the future, it is necessary to take action now to prepare and to speed up these key construction projects. Our state finance presently is in difficulty, and only by taking measures to concentrate funds can the requirements of key construction projects be met.

(3) Both the overall and long-range interests of the state require that the necessary funds be concentrated. Concentration of funds means that the state centralizes a portion of the funds held by localities, enterprises, and other units, and utilizes them for key construction projects. In practical terms, this means that in capital construction, the central authorities do a little more while the local authorities do a little less; that a few more key construction projects are undertaken, while a few less ordinary construction projects are attempted; and that more things are done within the plan, while fewer things are done outside the plan so as to make the internal structure of construction projects become rational and coordinated and the utilization of funds for construction become more in accord with the requirements of the macroeconomic balance. In recent years, the economic system has been reformed and the enterprise's right of self-management has been expanded; and the amount of self-raised funds at the disposal of localities and enterprises has risen a little more and has been used to engage in many undertakings, resulting in great accomplishments in economic development and market invigoration. But, because of insufficient experience, much overlapping construction has also been undertaken, which has wasted some precious funds. Localities and enterprises, moreover, have seldom invested in the weak links of the national economy. In expounding upon this situation, Comrade Hu Yaobang has incisively pointed out; "If the key construction

projects of the state are not guaranteed and if such parts of the infrastructure as energy and communications are not developed, the national economy as a whole will not prosper, and the individual sectors are bound to be greatly restricted in their development. Even if there should be some growth in a given locality at a given time, it would not last because of difficulties in striking a balance between supply, production and marketing." The overall and long-term interests of the state lie in concentrating funds to guarantee key construction projects.

III

Some comrades are worried that policy has changed and maintain that the concentration of funds is to retrogress. It should be admitted that for a long period of time in the past there did exist in fund control the evils of excessive centralization and inflexible control, and that this affected the initiative of all concerned. The concerns of these comrades are understandable. During the past 2 years, we have implemented a series of policy measures which have expanded the financial powers of localities and enterprises, and have aroused the enthusiasm of all concerned. These policies are correct and should continue to be thoroughly implemented. The question of policy change does not exist. As far as some policies which, in the course of implementation have resulted in various problems due to insufficient experience, appropriate measures should be taken to resolve them. This cannot be regarded as a policy change but as support of the policy and as more thorough implementation of the policy. The way in which we rectified the proportion of retained profit of an enterprise according to the laws and regulations of the state in order to eliminate the illegal or unreasonable portion is a case in point. We must draw this distinction clearly. Since policy has not changed, there is no question of retrogression.

Some comrades are worried that the concentration of funds by the state may affect the initiative of enterprises. This kind of worry is also groundless. The basic principle of the concentration of funds by the state is to ensure the enterprise's right of self-management. As already mentioned, the readjustment of the proportion of an enterprise's retained profit is the readjustment of the illegal portion; and is a change in the enterprise's right of self-management. From the standpoint of a long-range development, for the state to requisition a portion of available funds to use in key development projects which are beneficial to the development of the national economy should not become a factor affecting the initiative of enterprises as long as it is done well. At present the retained funds in the hands of enterprises are somewhat excessive and the state has insufficient funds for key construction projects. For the state to concentrate a portion of those funds through appropriate measures is of benefit both to the overall situation and to enterprises. Ours is a big country, so that for each organization to contribute a little effort for the sake of the key construction projects of the state means only a little to each organization but becomes very significant from the standpoint of the entire country. If you give a little, I give a little, and everybody else gives a little, a large amount is built up and the state is able to accomplish some great things. At present, the amount of funds being used to expand general processing capabilities all over the country is fairly great. If these funds were reduced a bit, the state could

again concentrate a portion of (needed) funds. When the state concentrates funds, it strengthens development of key construction projects, which, in turn, supports the production of enterprises so that the interests of both sides are completely consistent.

There are also some comrades who worry that after the state has concentrated funds life will become harder for localities. As we look at the situation between the central and the local authorities, we know that as far as the funds raised by the local authorities are concerned, they are primarily the loans made by the local authorities to the central authorities during the last 2 years which are to be made into the revised base for the adjustment of proportions. During these 2 years, in order to support the central financial authorities, the local financial authorities have restricted expenditures and have loaned some of their funds to the central financial authorities so as to guarantee the irreducible expenditures of the central authorities. By doing so, they have made a great contribution, have movingly demonstrated the spirit of "coordinating all the activities of the nation like moves on a chessboard," and have manifested the superiority of the socialist system. As far as the matter of the state concentrating some extrabudgetary funds is concerned, the effect on the local financial authorities has not been great, but it has been absolutely necessary from the standpoint of the overall situation. At present, our country's economy has made the transition through its most difficult period and has moved onto the healthy path of stable development. With economic development and the raising of economic effectiveness, things for the local financial authorities will become better day by day. A bright future is assured.

Of course, the concentration of funds must to a certain extent affect some partial and short-term interests of localities, enterprises and businesses. In our work of concentrating funds, we must pay close attention to their proper interests and needs so as to preserve their enthusiasm. We believe that the policy of the central authorities on concentrating funds to guarantee key construction projects of the state must win the resolute support of all localities, all organizations, all enterprises and the people of the entire country; and will, with the support of all concerned, attain a victorious realization.

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FINANCE AND BANKING

BRIEFS

ADVANCED ACCOUNTS MEETING--A meeting of advanced financial and accounting personnel and advanced collectives of such personnel was recently held in the Ningxia Hui Autonomous Region. Chairman Ma Xin and other leading comrades of the autonomous region called on several representatives attending the meeting by special invitation. Some of the specially invited representatives were unable to be elected regular representatives to the meeting because they offended the leaders of their units by upholding principles and financial and economic discipline and resisting unhealthy trends. Handling official business impartially, (Xu Pingfang), an accountant of the trucking team of the Shizuishan City Supply and Marketing Cooperative, had the courage to resist the team leader's way of doing things in violation of financial and economic discipline, thus fulfilling his duty as an accountant. He was commended and rewarded by higher authorities for this. While calling on him, Comrade Ma Xin held his hand and happily said: Fearing no retaliation, you have upheld the rules. What you have done is correct and good. We should learn from you. The specially invited representatives whom leaders of the autonomous region cordially visited were grateful to the party and the government for their concern and support. They expressed their determination to play their advisory and supervisory role better as financial and accounting personnel. [Text] [OW150634 Beijing Domestic Service in Mandarin 1000 GMT 13 Jan 83]

GUANGZHOU REVENUE INCREASES--In 1982 and 1981, the revenue of Guangzhou Municipality greatly increased. In 1982, revenue of the municipality remarkably increased again. Last year, the municipality fulfilled 101.31 percent of its annual quota for revenue, excluding local taxes, and collected 23.83 million yuan more than its quota. The amount of revenue collected in 1982 was some 126 million yuan more than in 1981, an increase of 7.39 percent. This was the result of promoting the development of production with raising economic results as the central work. [HK131538 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 12 Jan 83 HK]

SHANXI TAX COLLECTION--According to statistics compiled by the Taiyuan Municipal Tax Bureau, Taiyuan Municipality, Shanxi Province, collected 328.88 million yuan of industrial and commercial taxes as of 25 November, an increase of 4.31 percent over the corresponding 1981 period and a record high. [Taiyuan SHANXI RIBAO in Chinese 27 Nov 82 SK PL.]

QINGHAI FINANCIAL WORK--The Qinghai provincial conference on financial work was held in Xining and concluded on 16 December. This conference made arrangements for next year's financial work in the province. The total amount of revenue and expenditures of the province next year will be 15.9 percent more than this year's budget. The amount of funds for capital construction, tapping potential, technical innovation, technical transformation, cultural work, education, scientific and technological work and public health work will be more than in 1982. [Xining Qinghai Provincial Service in Mandarin 1100 GMT 26 Dec 82 HK]

SHANDONG SAVINGS DEPOSITS--In 1982 savings deposits of urban people in Shandong Province totaled some 410 million yuan, overfulfilling the annual savings deposits task by 50 percent. By the end of 1982, urban households with savings accounts numbered 9.5 million and 81 percent of them were of fixed deposit ones. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 12 Jan 83 SK]

INDUSTRIAL, COMMERCIAL TAX REVENUE--According to statistics from the Tax Bureau of the Ministry of Finance, by 20 December 1982, the total of industrial and commercial tax collected amounted to 58.04 zillion yuan, up by 10.06 percent compared with the corresponding period of 1981 and overfulfilling the annual tax revenue target by 840 million yuan. [OW190617 Beijing Domestic Service in Mandarin 1200 GMT 24 Dec 82 OW]

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INDUSTRY

ACHIEVEMENTS OF ELECTRONICS INDUSTRY IN GANSU DESCRIBED

Lanzhou GANSU RIBAO in Chinese 20 Nov 82 p 1

[Article by Ru Shan [5423 2619]: "Gansu Electronics Industry Strives to Create New Prospects"]

[Text] The Gansu Electronics Industrial Bureau organized leading cadres in its enterprises and thoroughly studied the 12th Party Congress documents. Together they discussed plans to create new prospects for the Gansu electronics industry.

The Bureau recently held study sessions for leading cadres in enterprises in which the comrades studied the 12th Party Congress documents and related them closely with the actual situation of the electronics industry in Gansu. It was agreed that the electronics industry is a technology intensive enterprise and is a measure for modernization; without a developed electronics industry, the progress of the four modernizations will be impeded. Since the third Plenum of the 11th Party Central Committee, the electronics industry had made good progress in Gansu. In 1980 profit was first realized; in 1981 the quota was overfulfilled by 19.7 percent and resulted in profits of 2 million yuan. In the first 10 months of 1982 production quotas for the whole were overfulfilled by 9.7 percent 2 months ahead of schedule. A lot has been achieved in technological improvement. Just this year alone the provincial enterprise has introduced three new production lines for recorder head, receiver and tape recorder, and carbon film resistor and improved the technological standard. But some problems in the current work were also brought up, such as the slow progress in developing new products and improving quality, sluggish sales, overstock of television sets and insufficient economic efficiency.

The study session discussed the major problems faced by the electronics industry and the situation in each unit. It provided goals for overall readjustment of the enterprise and plans for creating new prospects for the electronic industry.

To achieve these goals, we must do the following: (1) Fully develop the potential of the industry and take the approach of internal expansion and reproduction. Strive for seven "fist products" including bipolar integrated circuits by 1985. Strengthen the test production of products, speed up the generation change-over of old products and achieve the simultaneous production of one

generation of a product, the test production of the next generation and the development of a third generation. Existing production lines should be improved where necessary and, based on the four imported production lines including integrated circuit, plans should be made to systematically introduce the necessary advanced technology and key equipment in order to strengthen self-sufficiency capability. (2) Continue the readjustment, reorganization and combination, gradually form some united companies and form a specialized production capability by organically organizing the electronic industrial resources in Gansu. Liberate thinking, develop economic flexibility, establish the Shenquan joint investment enterprise as soon as possible, build up the electronic product laboratory at Shaoxing in Zhejiang Province, and actively coordinate the copper plating operations. (3) Make an effort to completely readjust the enterprise, build a sound leadership structure consisting of more than 60 percent cadres specialized in technology and management. Strengthen ideological and political work, enhance the training of all the staff and workers, further perfect the various forms of the economic responsibility system and improve economic efficiency.

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INDUSTRY

TECHNOLOGICAL PROGRESS IN MACHINE-BUILDING INDUSTRY STRESSED

Kunming YUNNAN RIBAO in Chinese 9 Dec 82 p 2

[Article by Zhou Youren [0719 0645 0088], head of the Yunnan Machine-Building Industry Bureau: "Technological Progress Should Be Stressed in Machine-Building Industry"]

[Text] The realization of the strategic goal of quadrupling the industrial and agricultural annual gross product determined by the 12th Party Congress depends on progress in scientific technology. The machine-building industry provides the means for various branches of the national economy. Its progress must come first in order to provide advanced technological equipment before 1990. Therefore, the task of the machine-building industry is to improve quality, variety and standards so that the progress of machinery and electrical products can be moved ahead 10 years and reach the developed nations' standards of the 1970's or early 1980's. The vast staff and workers of Yunnan's machine-building industry should bravely assume this historical mission.

After thoroughly carrying out the readjustment policy, the production of the Yunnan machine-building industry has grown steadily. Gross value of production this year [1982] is expected to be 25 percent higher than that of last year. Profits are expected to be 50 percent higher and economic efficiency will continue to improve. But compared to the national requirement and other advanced regions, we still have a long way to go. We are falling behind mostly in quality, variety and standard. In order to change this situation, I believe we must look into the following two problems:

(1) In terms of macroscopic economic policy, we must develop a unique machine-building industry based on the actual situation in Yunnan Province. In recent years we have developed precision, high altitude, compact and specialized products and improved the adaptability and competitiveness of the products so that they can not only satisfy the provincial needs but also increase the amount of products entering the domestic and international market. The machine-building industry in Yunnan should therefore stick with the true situation of the province, serve to develop the economic advantages of Yunnan and develop products that are unique to Yunnan by combining the technological advantages of the plants.

1.2. The development of the machine-building industry must rely on technological progress. The modern machine-building industry must build a new technology base and transform some of the products of the 1950's and 1960's into products of the 1970's and 1980's. That is to say, we must adopt new technology, new equipment, new materials, new techniques and new products. In the machine-building industry, technological progress not only relates directly to the realization of the four modernizations but is also a fundamental issue in the revitalization of the machine-building industry. Therefore, the strategic importance of technological progress must be recognized and active measures must be taken to implement it.

Comrade Hu Yaobang pointed out at the 12th Party Congress that two steps should be taken in achieving the strategic goals. The approach taken by the Ministry of Machine-Building Industry also consists of two steps. Two things should be done before 1980: First, a foundation should be built and standards should be improved; then, efforts should be made to complete systems and improve service; simultaneously, simultaneous to the reorganization of the enterprise, efforts should be made to improve technology. Therefore, the Yunnan machine-building industry must stress the following major tasks in the next few years:

(1) Commissions of efforts must be made to strengthen science and technology, raise product quality and develop product variety. Plans for technological progress must be established. Major products should gradually adopt international standards in order to upgrade product quality. Research departments and plants should organize a coordinated effort to solve problems. Advanced technology and equipment should be actively introduced.

(2) Technological progress should be made systematically and in a planned manner. If the machine-building industry is to provide advanced equipment, it must resort to new technology. Comrade Zhao Ziyang correctly pointed out that: "Technological progress of the machine-building industry must take plans first". Technical improvements cannot be made without technological progress in the machine-building industry. We should therefore fully recognize the need, establish an overall plan, systematically implement the improvement, according to their priorities and in the meantime broadly encourage small-scale improvements and progress made by the people.

(3) Promote the export of machinery and electrical products. Exporting machinery products is not just to obtain foreign exchange but, more importantly, also to subject our products to the test of the international market and more effectively ensure product quality in our plants and improve management through technological and economic exchange. We should therefore treat exports with their long-term effects in mind and take active measures to expand the export business. We should strive for a greater international market and to provide better products and service at a faster pace.

(4) We should enlarge our scope of service. This should be a long-term fundamental policy and not just a matter of expediency. We should never neglect service when things are going well. Every enterprise should learn how to stimulate the production of a variety of products, how to develop new products,

and improve adaptability. We must increase the depth and breadth of our products based on what we now have. First we must provide equipment for agriculture, energy, transportation and scientific education.

Solving the agricultural problem is a major issue in the modernization of the national economy. Based on the economic advantages and major agricultural items of Yunnan Province, we must strive to develop reprocessing machinery for sugar, tobacco, tea, rubber and other economic crops. In addition, we should provide a variety of agricultural machinery to satisfy the needs of implementing the production responsibility system in the rural areas, improving production conditions, and developing scientific planting and agriculture, forestry, livestock, and fishery.

(5) We must make an effort to train and educate the staff and workers. Staff training and education are not only needed in modernization but also provide advance and reserve forces for the technological progress in the machine-building industry. In order to speed up the training of personnel and to provide adequate staff education, we should on the one hand expand the existing worker universities, secondary vocational schools and technical schools and on the other hand do a good job in on-the-job training.

(6) Continue to carry out the readjustment policy. Enterprise planning should be made to further readjust the enterprises. We should speed up the pace of specialization centered on regions. The production of basic components should be stressed in readjustment and where necessary some enterprises should be shut down, suspended, combined or transformed.

(7) Enterprise readjustment must be done well. Existing enterprises are the fundamental force for us to achieve the quadrupling of industrial production. Further readjustment is all that is required to fully develop the potential of the enterprises. Consolidation and reorganization of the leadership should be stressed in the readjustment of the enterprises. In the meantime more efforts should be made in perfecting the economic responsibility system and technological improvement so that old enterprises may play a bigger role in opening up a new situation. 1983 is a crucial year in enterprise readjustment. The pace of readjustment should be made faster and the readjustment made more rigorous in 1983.

As long as the various leaders in the machine-building industry are inspired, are not afraid to be creative and do a solid job, the machine-building industry in Yunnan Province can surely move forward at a new pace and satisfy the development of our national economy.

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CONSTRUCTION

TANGGU COMPLETES BASIC WATER CONDUIT CONSTRUCTION

Tianjin TIANJIN RIBAO in Chinese 21 Nov 82 p 2

[Article by Sun Fuxiang [1327 4395 4382]: "Completion of Water Conduit Construction Improves Water Supply Situation for 370,000 Residents"]

[Text] After half a year of intensive labor, the water conduit construction project in Tanggu Ward in Tianjin, which began in the early part of this year, has essentially been completed and water is being stored during the flood season. Thus, the water supply situation has been improved for the 370,000 residents of Tanggu.

Tanggu Ward is situated in the lower reaches of the river. It is low-lying marsh land with a high salt and sodium content. It has little surface water and underground water is high in fluorine content. The use of underground water over a long period of time has caused the land to subside to a dangerous degree. For many years, this ward has suffered a shortage of water for daily use. At the beginning of this year, the party committee and the people's government of Tanggu, with the investment of 15 million yuan by the government, channeled the overflow of the Chaobai River (some 50 li from and separated from Tanggu by the Yong Ding Xinhe River) to Tanggu and made this engineering project an emergency measure to be accomplished prior to channeling the Luan River to Tianjin and for supplementing the water supply required after it has been channeled to Tianjin.

That part of the work of diverting water to Tanggu that has been completed covers 1.36 million square meters. It includes the extension and rebuilding of the original No 2 reservoir in Huanggang, the addition of 15.05 million cubic meters of water to the total capacity, the building of a 10 cubic meters per second water-raising station, a 35-kilowatt transmission and transformer station, the laying of two pipes 567 meters in length and 1.8 meters in diameter across the Yongding River and 13 key support projects, including flood control sluice gates, pressure ducts, pressure regulating wells, reinforced concrete bridges and the installation of over 30 sets of large-scale mechanical and electrical equipment. These engineering projects for the transportation of water have exceeded the capacity originally planned. All the major projects have proved to be of a high standard, efficient, safe and economical. Once completed, these support projects will add further benefits to those originally planned.

9621
CSO: 4006/156

CONSTRUCTION

YELLOW RIVER DIVERSION WORK CONTINUES

Jinan DAZHONG RIBAO in Chinese 28 Oct 82 p 1

[Article: "Shandong Has Started Second Phase of Work to Divert the Yellow River to Supply Water to Tianjin"]

[Text] To ensure the supply of water for industrial production and for the residents of Tianjin, Shandong has launched the second phase of the project to divert the Yellow River to supply water to Tianjin. Up to October 23, over 160,000 corvee workers have answered the call to serve in Dezhou and Liaocheng prefectures.

The second phase of the work of diverting the Yellow River to supply water to Tianjin includes clearing the sediment from the two main pipelines in Weishan and Panzhuang, the dredging of sand-clogged ponds, the erection of dams, the opening of outlets and the building of various bridges and drainage pipes. These engineering projects must be completed before November 15 to ensure the supply of water to Tianjin on schedule.

In order to fulfill this glorious mission, all the localities, counties and communes in Dezhou and Liaocheung prefectures organized special squads at various levels to strengthen leadership and to engage in ideological work in depth to motivate the laborers. Inspired by the spirit of the 12th CCP National Congress, vast numbers of cadres and corvee workers, determined to complete the project ahead of schedule, once again showed the residents of Tianjin their "mettle." While work was in progress, those in leadership positions at various levels personally took up positions on the front line to organize the laborers and to direct construction work. Although the original plan called for Dong'a County to supply 8,000 laborers, the actual number came to 12,000. In order to ensure the completion of the work on schedule, the corvee workers in Dezhou, who were responsible for such construction projects as the erection of dams in the Zhangwei and Lan rivers, reported for work 7 days ahead of time so that 60 percent of the work has now been completed.

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CONSTRUCTION

SHANDONG DIVERTS YELLOW RIVER TO BRING WATER TO TIANJIN

Tianjin TIANJIN RIBAO in Chinese 3 Nov 82 p 1

[Article by Li Sigong [2621 1835 1872]: "Shandong Diverts Yellow River to Bring Water to Tianjin Ahead of Schedule"]

[Text] At 4 p.m. on November 1, two weeks ahead of schedule, the Weishan Lock in Liaocheng Prefecture in Shandong Province opened its gate and brought in water to Tianjin by diverting the Yellow River. Torrents of water from the Yellow River are presently rushing into the water conduit at the rate of 50 cubic meters per second.

The original plan for diverting the Yellow River to bring water to Tianjin this autumn and winter was for the Weishan Lock in Liaocheng Prefecture and the Panya Lock in Dezhou Prefecture to begin channeling 450 to 500 million cubic meters of water to the two counties on November 15.

A high priority was put by Shandong on the engineering work along the two water courses bringing water from the Yellow River to Tianjin. During the busy autumn harvest season, 58 communes and over 40,000 cadres and corvee workers, imbued with the spirit of the 12th CCP National Congress, were organized by Liaocheng Prefecture to engage in the arduous struggle on an emergency basis to complete all construction work on the Weishan conduit before the end of October as called for by the plan. The administrative office of Liaocheng Prefecture also issued a special "emergency notification regarding the need to continue attending to the work of diverting the Yellow River to supply water to Tianjin." Waging the struggle day and night on the frontline, those in leadership positions in the prefectoral party committee and administrative offices exhorted themselves to abide by the spirit of the 12th CCP National Congress on the one hand and to carefully organize construction work to bring in water on the other. Once construction work was completed, they made every effort to remove all obstacles in the water conduits, closed up all the breaks in the conduits, gates, culverts and pumping stations along the water conduits, sent special personnel to stand guard at hazardous points along the route and assigned cadres released from their regular jobs to provide leadership in specific areas. The Weishan Lock was opened ahead of schedule following a period of work performed adequately and thoroughly.

The water diverted from the Yellow River in Weishan will enter the Wei Canal in the vicinity of Linqing where it will converge with the water from Yinyue and reach Tianjin along the South Canal.

CONSTRUCTION

TIANJIN'S PROGRESS IN CAPITAL CONSTRUCTION REPORTED

Tianjin TIANJIN RIBAO in Chinese 16 Oct 82 p 1

[Article by Chih Feng [6375 1496]: "Tianjin Makes Outstanding Achievement in Capital Construction"]

[Text] The spirit of the 12th CCP National Congress has greatly inspired the revolutionary fervor of 200,000 workers, cadres and technical engineers engaged in the battlefield of capital construction in Tianjin. Motivated by the desire to establish the two civilizations, they have imbued themselves with all-out fighting spirit in making a breakthrough in the work of capital construction. In September, the city achieved the highest level in the completion of the investment plan as well as construction projects.

Since the beginning of the year, Tianjin has made good progress in the work of capital construction. From January to September, the area of housing construction came to 7.15 million square meters while the area of completed surface construction came to 1.75 million square meters. Altogether, 66 percent of the planned investment has been completed, or 28 percent higher than the same period last year. The amount of investment for anti-earthquake and disaster relief exceeded the amount for the same period last year by 44 percent. The construction work on the 17 large and medium-sized key projects approved by the state and local governments for operation has been progressing well. Work on surface construction, installation of equipment, the clearing of pipes and the laying of a foundation for the 20,000-ton cold storage plant in Hongqi has been basically completed. Work in tidying up, making dry runs and lowering the temperature is now in progress. Work has been completed to drill an additional 200,000 tons of crude oil in the Dagang oil field. Of the 107 engineering projects for diverting the Luan River according to plan, 56 have been completed while 86 are in the process of construction, bringing the work completed to 51 percent of the total. At the same time, it is expected that 510 of the separate capital construction projects totaling 1 million square meters ordered by the state and organized by the local governments in industrial, cultural, educational, public health, postal and telecommunications, commercial, financial and trade fields will have been completed and put into operation before the end of the year.

Most of the construction work in new housing developments on housing damaged by earthquakes in various areas is about to be completed. Up to the end of September, the area of housing construction came to 5 million square meters, or

850,000 square meters more than the same period last year. Of that area, 1.35 million square meters of surface construction has been completed, while 3.25 million square meters is essentially in the process of being refurbished. It is expected that 3.2 million square meters in excess of the quota will be completed this year. In order to speed up the restoration and rebuilding of housing damaged by earthquakes in various localities in the city and the rebuilding and widening of roads, the various construction units have, under such circumstances as the late start of construction work and the need to complete construction under pressure, have motivated the positive attitude of the workers by strengthening the scheduling of construction work and contracting each piece of work and each building to separate units under the economic responsibility system. Since September, many of the surface construction projects have achieved new records of laying four stories of brick wall in one month. Work has begun on the entire 416,800 square meters of construction to be completed within the year according to the plan, and most of it is in the process of being touched up and outfitted. It is expected that the auxiliary facilities will have been installed and that the housing will be ready for delivery before December 10.

Work has continually been speeded up in such support projects as the installation of electricity and water pipelines for housing and public buildings. While separate auxiliary facilities are being installed under the contract system in the housing projects over a large area, the municipal, public utilities and electricity departments have, in response to applications for the installation of water and electricity in housing constructions, reformed the system of granting permits, simplified the procedure, unified applications, granted permits by batches, had on the spot registration, speeded up the process of registration, dealt with applications on a priority basis and divided the work under contract to different groups. While construction was in progress, those in leadership positions at various levels worked on the spot to strengthen the work of organizing and deploying the work force to establish close coordination between the surface construction and support project units so that they could work simultaneously. By the end of September, water and electricity have been supplied to 792,300 square meters of housing ready for occupancy. With the support of the regulatory, planning, supplies, communications and railway departments and the various departments in various localities, a start has been made in all the public construction projects covering 400,000 square meters scheduled for completion this year. Surface construction covering 100,000 square meters has already been completed. It is expected that the support facilities for housing will be completed within the year.

Dedicated to the implementation of the spirit of the documents of the 12th CCP National Congress, the vast number of cadres and workers engaged in the battlefield of capital construction have dedicated themselves to translating the battle cry of making their utmost contributions into concrete action in a conscientious manner and have imbued themselves with the spirit of working vigorously, strenuously and perseveringly day and night for 60 days to do the best work within the shortest period of time to ensure the completion of 4.5 million square meters of capital construction ahead of the December 10 target date.

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CONSTRUCTION

TIANJIN COMPLETES EARTHWORK OF OPEN WATER CONDUIT

Tianjin TIANJIN RIBAO in Chinese 23 Nov 82 p 1

[Article by Reporter Ceng Chonghe [2582 1504 0735]: "Earthwork Construction of Open Conduit Bringing Water to Tianjin Completed Yesterday"]

[Text] A mighty army of 100,000 voluntary workers rejoiced as good progress was reported in the work of diverting the Luan River to Tianjin. The successful completion of the earthwork of the open conduit promises well for the diversion of water from the Luan River to Tianjin ahead of schedule.

The open conduit for diverting water from the Luan River is 64 kilometers long and involves over 10 million cubic meters of earthwork. It calls for a great deal of construction work over a long distance. Decision was made by the municipal party committee and the municipal government to mobilize the entire population of the city to complete the earthwork on 51 kilometers of the conduit and the excavation of 8.1 million cubic meters of earth on a voluntary basis this autumn and next spring. In the middle of July, the municipal government called a preparatory meeting and assigned the mission to 24 units including the prefectures, counties, departments, the party committee and the Tianjin Garrison Command.

Those in leadership positions in the prefectures, counties, departments, the party committee and the Tianjin Garrison Command attached great importance to the work of excavating the open conduit for the transportation of water and regarded the organization of voluntary labor for the project as a vital means to implement the spirit of the 12th CCP National Congress and to hasten the establishment of a socialist spiritual civilization. Those who were most immediately concerned with the project held themselves responsible for taking command. They discussed and made known to the vast number of cadres and the masses of the units involved the meaning of the spirit of the 12th CCP National Congress, engaged in propaganda work regarding the importance of volunteering to participate in the excavation of the open conduit to divert water from the Luan River, directed their efforts toward the organization of the labor force and made the supply of materials and equipment available for the project. Responding enthusiastically to the call of the municipal party committee and the municipal government, a vast number of cadres and the masses, pledging to steel themselves to the rigors of the labor, to devote their energy to the work of diverting the Luan River to Tianjin and to contribute to the betterment of the

welfare of the residents of Tianjin and of future generations, signed up to volunteer their services. Although the original plan called for only 33,000 people to engage in the construction work, the number swelled to 100,000 at its peak and 1,600 pieces of machinery were put into service. The open conduit at Baili, like an extensive battlefield choked with traffic during the day and lit up by a myriad lights at night, presented a spectacle the likes of which the city had never seen before.

The work of diverting the Luan River is a vital construction project for supplying water to Tianjin and the excavation work on the open conduit was an important part of the project, a project to which great importance is attached by the Communist Central Committee and the State Council. The cadres and the masses participating in the project all regarded participation in the excavation of the open conduit as a high honor and a source of pride. Many of the units completed their preparation work ahead of schedule and the labor force was assigned to work on the construction site ahead of time. Particularly worthy of note is the fact that the leadership cadres in the municipal party committee and the municipal government, by contributing their labor at the construction site, so inspired the fighting spirit of the cadres and the masses that all clamored for the completion of the construction work in one period instead of two. The Tianjin Garrison Command was the first among the units to send a work force to the construction site in early September to engage in the excavation of the open conduit for the transportation of water. In order to complete the work ahead of schedule, those in leadership positions in the garrison command made a new study of the project and assigned a larger number of workers to the work front. The industrial and communications systems of the city undertook the excavation of 500,000 cubic meters of earth and made full use of the machinery they had at their disposal. With the help of a large work force, they were among the first units to have completed their mission the earliest. The open conduit diverting water from the Luan River traverses 10 communes and 64 production brigades in Baodi County. Aside from making itself responsible for excavating 800,000 cubic meters of earth for the construction of the open conduit, this county also took over 10 construction projects for diverting the Luan River and the removal of large quantities of earth. With the good of the general public in mind and no hesitation in making sacrifices, those in leadership positions and the masses in the county did yeoman service in the construction of the open conduit for the transportation of water. Wuqing County, which undertook the excavation of 1.4 million cubic meters of earth, had the heaviest task among the 24 participating units. In the face of great difficulties, an army of 10,000 voluntary workers did their work steadily and well and won favorable comment from the higher authorities. Aside from assuming responsibility for excavating 200,000 cubic meters of earth for the construction of the open conduit, the Dagang Ward, the latest to be established by the city, took upon itself the excavation of the earth work for diverting the Yellow River to Tianjin. By properly deploying the work force, this ward was able to do a good piece of work and to complete it ahead of schedule.

The open conduit excavation site was not only a construction battlefield, but also an object lesson for the establishment of a socialist spiritual civilization. The vast number of cadres and the masses who volunteered their services set a personal example, castigated the corrupt "money first" line of thinking by their own action, used their own sweat to wash away the slime and ashes of

the practice of profiting oneself at the expense of the public, condemned the love of ease and absence of labor, and directed their efforts toward the forging of a corps of idealistic, ethical, cultured and disciplined laborers to bring forth the flowers of socialist spiritual civilization across the land. While construction work was in progress, the cadres, by setting a personal example, by suiting their action to their words and by taking upon themselves the most arduous tasks, greatly contributed to the development of the new idea and workstyle of placing priority on the work ethic and the welfare of other people above themselves. Those units engaged in the construction work, by rendering each other mutual support, hastening to take upon themselves the most onerous tasks and making things easier for other people, have led to the riotous blossoming of the spirit of communist cooperation. Prior to engaging in their own assigned work, the Hangu saltworks' volunteers spent 11 days helping out their brother units. The Dongjiao Ward Xinlicun commune's Xinlicun brigade work area was adjacent to the construction site of the Diliubu brigade of the timber mill commune in Xijiao Ward. The Xinlicun brigades, which enjoyed the advantage of having more construction machinery, made it available to the Diliubu brigade for excavation work. Because the 2-inch drainpipes owned by the Xinlicun brigade were slow in pumping water, the Diliubu brigade lent them their 4-inch drainpipes. After having completed its own assignment, the communications bureau of the city helped its brother units to excavate 17,000 cubic meters of earth. Four bulldozers and one dredger used in the Dagang oil field were made available to several dozen construction units. Many units, taking advantage of gaps in their work schedule to work for the masses in their localities, have won the appreciation of the masses.

A great deal of work was done by the logistics service departments during the period of construction. The logistics department of the command headquarters for diverting the Luan River in the city and the command headquarters for the open conduit excavation work resorted to every means to ensure the supply of daily necessities to the workers. Several dozen supply stations were set up by the concerned departments along the construction route. Some units even sent trucks to deliver goods to the construction sites. Many units also sent movie teams and literary and dramatic troupes to put on performances for the construction workers.

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CONSTRUCTION

NINGXIA INVESTMENT PAYOFFS REPORTED

Yinchuan NINGXIA RIBAO in Chinese 27 Sep 82 p 2

[Article by To Si [1122 1835]: "Capital Construction Investment in Ningxia Yields Good Dividends"]

[Text] Since the 3rd Plenary Session of the 11th Party Central Committee, the construction banks at various levels in our region have, in line with the demand to reduce the capital construction battle line, achieved good results from their investments while working with the concerned departments to reduce the scope of capital construction, to reset the direction of investments, to hold on to key projects and to promote production.

The branches of the Construction Bank in Ningxia Hui Autonomous Region and in the various cities and counties have, in seeking to implement the government's policy of readjusting the national economy in a conscientious manner, instituted economic surveys, made construction funds available in a judicious manner, strengthened supervision and rendered assistance to the various construction units in directing their efforts toward achieving higher investment benefits. In the process of investigation, the branch bank of the Construction Bank in Shizuishan Municipality, apprised of the fact that the project for constructing the power plant in Dawukou was still 2.5 million yuan short of the 3 million yuan set according to the original plan, made the situation known to the concerned authorities, extended a loan of 2 million yuan, and arranged with the concerned authorities to come forth with the remaining 500,000 yuan to make the required amount of funds available so that the construction work could proceed without difficulty. As regards the construction of the No 2 Woolen Textile Mill in Yinchuan, the branch of the Construction Bank in the autonomous region made a painstaking study of the budget and the final financial statement so that it might start production at an early date. As a result, the period for the construction of this mill was shortened by a year, the production value was increased by 15 million yuan, the profit amounted to 2.25 million yuan, and taxes amounting to 2.70 million yuan was paid to the government. As for the Woolen Yarn Factory in Yinchuan, the branch of the Construction Bank in the autonomous region, by extending its services and by strengthening its supervision, was able to reduce the construction period by a year.

Thanks to the positive efforts made by the construction banks at various levels in our region to fulfill their functions, the amount of construction investment

last year was reduced by over 33 percent compared to the previous year. Except for a reduction in investments in the heavy industries, investment funds were increased in the light and textile industries, communications, post and telecommunications, financial and trade operations, scientific, educational, cultural and public health projects, housing and urban construction. Fixed assets for the entire region increased by 186.8 million yuan, or 92 percent of all investments for that year, to reach the highest level in history. Increases in terms of productivity and profits included 3,500 spindles for high quality woolen textiles, 600 tons of woolen yarn, 30,000 tons of cement, 40 million tons of storage space for grains, 520 hospital beds and 370,000 square meters of housing.

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CONSTRUCTION

BRIEFS

SHANDONG CAISONS LAUNCHED--On 27 December 1982, Shijiu harbor in Shandong Province held a ceremony to launch the first batch of reinforced concrete caissons. Leading comrades of the provincial construction commission attended the launching ceremony. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 31 Dec 82 SK]

CSO: 4006/203

DOMESTIC TRADE

SHANDONG COMMENTARY ON CIRCULATION OF GOODS

SK130418 Jinan Shandong Provincial Service in Mandarin 2300 GMT 12 Jan 83

[Text] At present, specialized households and households performing specialized work besides crop cultivation have developed rapidly throughout the province's rural areas. According to statistics, the province now has 1.5 million such households of various kinds, accounting for 10 percent of total peasant households in the province.

Along with the rapid development of such households, some new problems have cropped up. Now the people in rural areas are suffering from difficulties in marketing not only hogs, but also chickens, ducks and rabbits. In addition to the difficulty in marketing their products, some specialized households and households doing specialized jobs besides crop cultivation are suffering from the increasingly serious dislocations between production and marketing because of the poor supply of raw materials, fertilizers and fuel. If we fail to effectively solve these problems, the development of such households will undoubtedly be interfered with.

The purchasing and marketing service group in (Xidatong) Brigade in Feicheng County has helped such households open up channels of production and marketing. This group has great vitality for it suits the needs for developing such households in rural areas. Various localities should learn from this experience.

Opening up the circulation channel for rural commodities is an extremely important factor for promoting the development of such households. Leadership at all levels must pay attention to it, engage in investigation and study, concentrate efforts on summing up and popularizing the experience of the purchasing and marketing service group in (Xidatong) Brigade in Feicheng County and make great efforts to open up circulation channels for rural commodities so as to further promote rural economic prosperity.

CSO: 4006/203

DOMESTIC TRADE

GANSU HOLDS COMMERCIAL WORK CONFERENCE

HK170546 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 16 Jan 83

[Text] The provincial commercial work conference convened by the provincial government concluded in Lanzhou yesterday. The conference stressed that a fundamental change should be effected as soon as possible in commercial work by emancipating people's minds, relaxing policies, reforming systems and enlivening circulation so as to adapt this work to the new situation.

The conference pointed out: To realize a change with a breakthrough character, commercial departments must emancipate their minds and broaden their vision. The goal should be shifted from developing economy and insuring supplies to promoting and guiding production, guaranteeing supply and making the economy prosper. The unitary state-run circulation system should be changed into diverse economic forms and diverse operation patterns. A circulation system of multiple channels and few links should be established. The old inflexible closed mode should be replaced with a new flexible open mode. The egalitarian practice of holding iron rice bowls and eating from the same big pot should be changed into the practice of distribution according to work.

The conference pointed out: The key to enlivening commerce lies in relaxing policies and reforming systems. The conference decided: As for agricultural and sideline products all of them except 12 kinds of products which belong to the first and second categories of products, including grain, cotton and oil, which must be subject to monopoly purchase by the state or be purchased by the state by assigned quotas, other products that belong to the third category should all be purchased and marketed on the basis of negotiated prices. After fulfilling the tasks of monopoly purchase by the state or the quotas assigned by the state, production units and individuals should be allowed to sell their surplus agricultural and sideline products which belong to the first and second categories on the market. State-run commercial units should take an active part in activities that are subject to regulation by market mechanism and expand their purchase. Operators should be allowed to set up wholesale or retail centers in cities and towns by adopting floating or free pricing. Among small industrial products of the third category, 180 kinds of 7 categories are now placed to free operation as the first batch. Producers and traders can freely negotiate the prices for these goods. Price disparities between different areas, between urban and rural areas, between different seasons and between wholesale and retail are allowed to be appropriately

widened. Pricing methods can be flexibly adopted according to market conditions. As for the purchasing and marketing methods for industrial goods, in addition to continuing to practice monopoly purchase and marketing by the state and planned purchase, purchase by placing orders and selective purchase, two new forms are added, namely, practicing commission agents for wholesale or retail business and joint operation between industrial and commercial units. The catering trade can adopt different price standards by dividing themselves into different grades according to social conditions, technology and service quality.

We should go all out to both collective and individual commerce, catering trade and other service trades in urban and rural areas. Individual traders and peddlars should be allowed to deal in any agricultural and sideline goods as well as industrial goods so long as they are within the limits prescribed by the state. These individual traders should also be allowed to transport their goods through long distances or to handle both wholesale and retail business. Large-scale state-run retail commercial enterprises and units in catering or other service trades should continue to be run and owned by the state with further improvement of operation responsibility systems. Retail stores and eating houses with less than 30 workers should be contracted to collectives while the remainder are owned by the state. Some of these shops can be rented out. Workers of these shops can sell goods in a mobile way. Supply and marketing cooperatives should be reformed by local masses. Existing stores run by these cooperatives can be changed to be run by individuals on a voluntary basis.

CSO: 4006/203

DOMESTIC TRADE

BRIEFS

SHANDONG COMMODITY SALES--Rural and urban markets in Shandong Province have enjoyed brisk business and their supply of commodities has increased. The 1982 total value of retail sales was 17.8 billion yuan, an 8.1 percent increase over 1981. By the end of 1982, the province had some 80,000 collectively-run commercial units, an increase of 70,000 over 1978, and 300,000 individually-run commercial centers, an increase of 280,000 over 1978. The province now has 4,000 urban and rural markets. [SK160712 Jinan Shandong Provincial Service in Mandarin 2300 GMT 31 Jan 83]

LANZHOU INDIVIDUAL TRADERS--Yesterday, relevant departments in Lanzhou Municipality issued certificates of merit to four advanced units run by individuals and 28 progressive individual traders of the city. In order to exchange and promote experiences in individual economy, Lanzhou Municipality recently held its first representative meeting of individual laborers, at which 120 individual traders exchanged their experiences. (Ma Zhonghui), deputy secretary of the Lanzhou Municipal CPC Committee, told meeting participants that there are more than 11,000 individual traders and peddlers in the city. Further efforts will be made to promote individual economy to enliven markets. [HK041017 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 16 Jan 82 HK]

SHANDONG COMMODITY SALES--In the January-November 1982 period, Shandong Province's sales volume of commodities reached 5.23 billion yuan, a 3.3 percent increase over the corresponding 1981 period. The total sales of commodities directly marketed in rural areas was about 550 million yuan. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 29 Dec 82 SK]

CSO: 4006/203

FOREIGN TRADE

FOREIGN TRADE ADVANCES IN GUANGZHOU DISCUSSED

Guangzhou NANFANG RIBAO in Chinese 30 Nov 82 p 1

[Article by Hui He [1920 4421] and Jing Tang [6975 2768]: "Guangzhou Gains New Momentum in Foreign Trade--Upholding the Policy of Opening to the Outside, Reforming Existing Plants and Enterprises"]

[Text] Guangzhou is gaining fresh momentum in foreign trade, and talks concerning projects which will introduce new technologies are being stepped up in an effort to bring in advanced technical equipment and facilities in a planned way in order to overhaul existing enterprises.

According to statistics, from January to September of this year, Guangzhou signed contracts involving 2,033 projects in which foreign capital was utilized to bring in advanced equipment, an increase of 51 percent over the same period last year; the total value of contracts reached 141.06 million U.S. dollars, an increase of 25 percent over the same period last year. Of this, the value of contracts involving the investment of foreign funds by foreign businessmen increased 58 percent, contracts for projects involving processing imported materials increased 53 percent and the amount of processing fees increased 8 percent. There are plans to use foreign capital to carry out reform of core industries throughout the city, and this year, contracts or draft agreements involving a total of 15 production line or key equipment items have already been signed, including items such as foodstuffs, elevators, tires, beer, refrigerators, cement, and colored ceramic tiles.

Since our province began implementing special policies and flexible measures, Guangzhou has been very active in developing economic and technical cooperation with the outside and, in the past few years, has brought in a large amount of advanced technical equipment. This year there have been new developments in the movement to use foreign capital to bring in advanced technology. In the past, this primarily involved imported processing materials and (supplied components) assembly work, but now we have expanded into production, joint ventures and compensation trade. Take for example the contract signed in June of this year calling for joint construction of a brewery with an annual production capacity of 500,000 dun by the Guangzhou Food Corporation and the French company Dexinibu [phonetics]. In the past, talks primarily concerned single items, but now

there has begun a trend toward industry talks. For example, the Guangmei Food Corporation, a jointly funded and managed Sino-American arrangement which was granted joint funding certification by the Ministry of Foreign Trade in the first half of this year, will produce products including beverages in soft containers, canned goods, and frozen foods. In the past, talks involving large scale projects were long and drawn out, but now they have shortened tremendously. For example, the Xianda Corporation, to be jointly funded and managed by the Guangzhou Municipal Clock and Watch Corporation and the Sida Semi-conductor Corporation of Hong Kong and which will produce electronic components, involves an investment reaching 6 million U.S. dollars, but contracts were signed after only three months of talks, and estimates are that production can officially begin soon.

At present, the broad cadres and the staffs of Guangzhou's foreign trade departments are continuing to work hard, in close cooperation with industrial and communication and transportation departments, and are determined to make breakthroughs in the utilization of foreign capital. It is our understanding that plans to use foreign capital to introduce 38 production items throughout the city in the near future--including color televisions, window air conditioners, men and women's vulcanized rubber shoes and plastic wallpaper, have already been fully drawn up. Talks involving production lines and key equipment involving the production of industrial sewing machines, bicycles and small cargo vehicles are now being intensified.

9705

CSO: 4006/173

FOREIGN TRADE

SHENZHEN DISCARDS IRON RICE BOWL 'MALPRACTICE'

HK130854 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 12 Jan 83

[Text] Since 1 July last year, all enterprises in the Shenzhen Special Zone have implemented a contract system in recruiting workers to eliminate the malpractice of the iron ice bowl and to create a new situation in enterprise management.

In implementing the contract system, we can increase and reduce the number of staff members and workers in light of the change in production and the situation in profits and losses in enterprises. We can discharge staff members and workers who do not perform well and who refuse to mend their ways despite repeated warnings. We can eliminate the past malpractice that once one became a regular staff member or worker, one's work became one's lifework and that a good staff member or worker could not be employed and a bad staff member or worker could not be discharged.

The contract system of recruiting workers can be closely linked with the reform of a company. The wages, bonuses and subsidies of all enterprises can be determined in accordance with the labor performances and achievements of staff members and workers, to each according to his work, and more gains for more work.

(Huang Shulin), a young female worker at Youyi restaurant, was a part-time worker. However, she has done a remarkable job. She got full marks in every examination. Therefore the enterprise broke a rule to promote her to become a deputy captain of the dining hall department and increased her monthly wages by 40 yuan. Because the former captain got very poor results in an examination, he has been demoted to a third-grade attendant. His wages have been reduced by 45 yuan.

Due to the breach of a contract, a son of the manager of the Xinguang Hotel was likewise discharged.

A contract worker basically enjoys the same benefit of labor insurance and welfare as a state regular staff member or worker does. All enterprises must each pay 25 percent of the total amount of wages to a labor service company as an insurance premium. After a contract worker resigns or is discharged, he can register with the labor service company on the production of the

special zone contract worker labor handbook and request it to rearrange him for work. Those who encounter difficulties in their livelihood while awaiting employment can be subsidized by the labor service company as it sees fit.

The contract system of recruiting workers can arouse the enthusiasm of staff members and workers for production. Everyone works hard and abides by discipline, resulting in implementing very well all forms of the responsibility system in all enterprises, remarkably raising labor efficiency and apparently changing the mental outlook of staff members and workers. Many young workers work hard for promotion and endeavor to master professional technology and scientific and cultural knowledge to suit their new work.

CSO: 4006/203

FOREIGN TRADE

TIANJIN ISSUES CIRCULAR ON FOREIGN BUSINESSES

SK041053 Tianjin City Service in Mandarin 0030 GMT 4 Jan 83

[Text] The municipal people's government recently approved regulations formulated by the Municipal Import and Export Administrative Commission on matters concerning the establishment of permanent agencies in Tianjin City by foreign enterprises. A circular was issued to this effect.

The circular points out: All agents and agencies of foreign enterprises engaged in economic and trade activities as well as other agents who have been engaged in economic and trade activities in Tianjin for over 6 months on behalf of a foreign enterprise or economic organizations and who cannot conclude their business in a short time shall apply for registration as permanent agencies or agents. Personnel of foreign firms in Tianjin who have not applied for registration as well as those who have applied for registration but their applications have not been approved so far, are not allowed to put up brass plates at their residences, use the name of a permanent agency, print it on calling cards, use seals bearing the name, open an account in banks or do business as a permanent agency. The Tianjin Administration of Industry and Commerce is entrusted by the Central Administration of Industry and Commerce to take charge of registration.

The circular points out: If registered permanent agencies or agents of foreign firms want to apply for working personnel, they must submit applications through reception departments. The Tianjin Foreign Trade Corporation or the Tianjin International Economic and Technological Cooperation Corporation are responsible for processing their applications and recommending working personnel to them. They are not allowed to hire Chinese residents on their own. Agencies or agents of foreign firms that have engaged working personnel prior to the issuance of this circular and without going through the abovementioned procedures must submit applications to the abovementioned departments and go through the required procedures within 45 days of the issuance of this circular. Enterprises owned by overseas Chinese as well as enterprises in Hong Kong and Macao should also observe stipulations of this circular when they set up permanent agencies or agents in Tianjin. Those who violate the stipulations of this circular will be dealt with according to the law.

CSO: 4006/204

FOREIGN TRADE

BRIEFS

SHANXI TOURIST TRADE--At the first Shanxi provincial commendation rally for those advanced in tourist trade, Ge Yi, acting director of the provincial Tourist Bureau, said: Since 1978, some 5,900 tourists from Hong Kong, Macao and other countries have toured our province. Income from the tourist trade totaled 15 million yuan. [Taiyuan SHANXI RIBAO in Chinese 27 Nov 82 SK PL]

CHINESE REPRESENTING OVERSEAS FIRMS--A responsible person of the Tianjin Foreign Trade Bureau issued a statement to our station reporters on whether a domestic resident can be appointed to represent an overseas firm. He said in the statement: We welcome returned overseas Chinese, their relatives and domestic residents who actively help overseas firms run by their relatives establish connections with the import and export companies in our city. However, he pointed out: After connections are established, foreign trade companies should do business directly with overseas firms. Domestic residents are not allowed to directly participate in business negotiations on behalf of overseas firms. If permanent agencies of overseas firms want to engage working personnel in our city, they should entrust this task to the Municipal Foreign Trade Corporation or the International Economic and Technological Co-operation Corporation. They are not allowed to employ working personnel on their own. The responsible person said: What merits our special attention is that a small number of illegal persons who claim to be resident agents of certain foreign firms in Tianjin or north China, establish illicit connections, offer bribes and engage in swindling and speculative activities and other crimes in the city, the suburban counties and other provinces and municipalities. Many units have suffered some economic losses. Their activities constitute violations of laws and decrees and should be dealt with seriously and promptly. [Text] [SK041058 Tianjin City Service in Mandarin 0030 GMT 4 Jan 83]

SHENZHEN BUILDS HELIPORT--A heliport will be built close to Chiwan in Shenzhen Municipality to service off-shore oil exploitation and cater to the daily life needs of workers on oil drilling rigs on the South China Sea. Located in the vicinity of (Nanshan) Village to the southeast of the town of (Nantou), the Chiwan heliport is close to the highway linking Shenzhen downtown and the Shekou industrial zone and is 1.5 kilometers from the Chiwan Oil Exploitation Logistics Service Base. The heliport project has already been approved by the departments concerned of the state government and the designing work of the heliport is now underway. This project is expected to begin early next year and be completed and put into use late next year. [HK040222 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 30 Dec 82 HK]

SICHUAN FOREIGN TRADE--By the end of November, Sichuan Province fulfilled its annual plan of purchasing goods for foreign trade by 106.8 percent ahead of schedule, an increase of 18 percent over the corresponding period the previous year. Meanwhile, it also accomplished the 1982 plan of graining foreign exchange from foreign trade by 102.5 percent, an increase of 22 percent over 1981. [HK041030 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 16 Dec 82 HK]

CSO: 4006/204

LABOR AND WAGES

'RENMIN RIBAO' ON EFFICIENCY IN SHENZHEN

HK191030 Beijing RENMIN RIBAO in Chinese 15 Jan 83 p 4

[Newsletter by reporter Lin Li [2651 6849]: "Efficiency--Second in a Series of Eyewitnesses Reports on the Shenzhen Special Economic Zone"]

[Text] Wages and efficiency are rather high in the Shenzhen special economic zone, but their contribution to the state is much higher.

High wages are based on high working efficiency.

Just take a look at the following facts:

Rural areas: In Baoan County, which is under the jurisdiction of the Shenzhen special economic zone, there is a certain Gongming poultry farm. There are 19 workers in this farm and their annual output value is 828,797 yuan. The labor productive efficiency of the farm reached 43,630 yuan per capita. From setting up and putting into production in 1979 up to June 1982, the farm raised a total number of over 340,000 chickens, sold more than 280,000 chickens to the state for export purpose and overfulfilled the task assigned by the state by 102.5 percent.

Factories: There is a certain Jiale Furniture Manufacturing Factory in Shenzhen City. From the preparation for constructing the factory in October 1979 up to the end of 1981, the beds manufactured by this factory ranked first and made up 30.8 percent of similar products in Hong Kong. The annual output value of Jiale Factory in 1981 was 3.25 million yuan, netting a profit of 310,000 yuan and the labor productive efficiency of the plant reached as high as 36,000 yuan per capita. The annual output value of the factory in 1982 was 7 million yuan, netting a profit of 540,000 yuan and the labor productive efficiency reached 51,852 yuan. This is the highest record among such factories. Meanwhile, the beds manufactured by the Jiale Factory not only broke through the narrow market of Hong Kong, but were also sold as far away as southeast Asia, the Middle East, Africa and other countries.

After importing new electroplating techniques, the electroplating efficiency of the electroplating plant in Luohu District exceeded 10 times that inland. They

charged 7.29 yuan for electroplating a dozen handbag stands. In electroplating the same size of handbag stands, Beijing needed to spend 7 yuan on each. The Beijing electroplating plant calculated this sum. Even if they let the handbag stands to be processed in Shenzhen, the costing expences, with return transportation fee included, would still be cheaper than processing them in Beijing.

Shops: The Shenzhen Friendship Restaurant started business in July 1980. In the short period of 2-1/2 years, the restaurant and store made a new profit amounting to 17.6 million yuan of foreign exchange certificates, and the net profit per capita reached as high as 19,800 yuan. Meanwhile, it paid a business tax of 3.1 million yuan and income tax of 3.3 million yuan to the state. At first, the friendship restaurant and store had only a restaurant, with a department store attached to it, and less than a hundred employees. Now, there are 579 staff members and workers. Originally, the department store was a subsidiary to the restaurant. In the turnover of 1982, 90 percent of the income came from the department store and 10 percent from the restaurant. It is one of the largest complex enterprises in the Shenzhen special economic zone. The waiters of the banquet hall can set the banqueting table with a 182-piece dinner service within 7 minutes. Their turnover has far exceeded the restaurants and department stores of similar size in Beijing and Shanghai.

Capital construction: Most of the workers of the construction team that contracted to build the commercial center, come from inland. Like the workers of the Shenzhen special economic zone, their working efficiency is constantly rising. The scene in the construction site is changing with each passing day. In mid 1982, they broke a new record in their construction progress that could catch up with the international standard by completing a storey within a week.

It is said that the efficiency of Hong Kong people in running affairs is relatively high. In fact, whatever Hong Kong can do, we in Shenzhen can do it as well. So long as it is provided with necessary conditions, Shenzhen cannot only catch up with them but even surpass them. There is a certain Yada Bed and Furniture Factory in Hong Kong which ranks seventh among similar kinds of business in Hong Kong. This factory signed a 7 year contract of cooperative production with the Shenzhen Jiale Furniture Manufacturing Factory. In the summer of 1982, Yada Factory requested to extend the term of the contract to 8 years. Why did they instantly request to extend the contract for 8 years? This is because after Yada cooperated with Jiale, the quality of their products enjoyed the trust of the customers and the fame of this plant became greater. In the free competition in Hong Kong market, Yada Factory ranked front among all other furniture factories. Zhang Linquan, director of the Yada Factory was very satisfied and he realized from practice that the labor efficiency in Shenzhen is much higher than in Hong Kong. He said that although Hong Kong workers master high levels of technical skill, they frequently move from place to place and things are not quite stable. A worker may work here today but will transfer to another place tomorrow; today he may work in this sort of work but tomorrow he could change to another sort of work. This kind of practice not only affects the improvement of labor efficiency, but also affects the quality of products and the prestige and capability of the product in competing in the international markets. On the contrary, the workers in Shenzhen are usually fixed and their sort of work in production is seldom changed. Practice makes perfect, therefore, it is quite natural that their working efficiency is

rather high. When Zhang Linquan realized this point, he decided to move the whole of his Yada Bed and Furniture Factory from Hong Kong to Shenzhen. The removal arrangements were completed at the end of 1982.

Where does the high efficiency of the Shenzhen special economic zone come from? Some say that the workers are young, others say that it is due to the strict labor discipline, some others say that it is due to the directors having the management and decision-making rights, and so on.

It is indeed gratifying to note the growth of the ranks of Shenzhen staff members and workers. The workers and attendants of the factories, shops and hotels set up in the past few years are young and strong, full of vigor and generally around around the age of 20. There is a workshop head called Huang Meiyen in Luohu shirts factory. She is only 22 years old, with less than 5 years service, but she has to lead a big workshop of 80 workers and also has to work on regular shifts herself. Among the electroplating, handbag, leather goods, gloves and 10 other factories, I visited nearly 20 directors and deputy directors. Their ages were all under 30, with the exception of a Liu Xuansheng, who was just over 40 and called by people "a director who trains directors." So, there were 3 young people trained by him, who all became directors within 2 or 3 years and what is more, they were all 29 years old.

Most of the newly built factories, shops and hotels in Shenzhen have the decision making power in their enterprises, of which some have reformed their personnel and wage system. Gone forever are the days when the directors and managers dared not manage the workers and cadres. Since the directors and managers have had the power, they have relevantly revised labor discipline. The extent of strictness of such discipline was once unbearable by the people who came from inland. Take going to or leaving work for an example. If you come late or leave 1 hour early, 5 percent of your floating wages will be deducted. If you stay away from work without leave for half a day, your floating wages will be deducted; and if for one full day, your post wages will also be deducted in addition. Those who are on night shift duty must not be allowed to sleep, or play chess and cards, or watch television. There was an attendant of the Donghu guesthouse, who dozed off during night duty and after being discovered three times in succession, was then dismissed. Aiming at young girls who are fond of dressing up, those units with a greater proportion of female workers also stipulated that while on duty they were not allowed to wear grotesque clothes, or put on ornaments, or use lipstick, rouge or fingernail polish, or have an unusual hair style. There was a young man in the friendship restaurant who had long hair and whiskers. He was immediately warned to either cut them off or his wages would be deducted. The young man thought it over. Finally, he had to be obedient and cut off his long hair and shave his whiskers. Some shops stipulate that shop assistants "must not be allowed to be seated while receiving customers, or buy articles sold in the shop, or meet and hold long talks with visitors, or smoke, eat and do private work at the counter, and so on." All in all there were 15 points of forbidden stipulations.

In the special economic zone, you can judge from the very first sight whether the factories, shops or hotels have conducted a reform or not in their personnel and wage system. There is also quite a difference depending on whether they have decision making powers or not. In one of the shops, I found a shop assis-

tant lying on the counter asleep. The Boya Gallery which is situated in the busiest part of Shek Tong is open to the public for business, but opens later and closes earlier than other shops. It shuts its door early at 4:00 in the afternoon. Even more strange, there was a board hung on the door with the words "open to foreigners and Hong Kong and Macao compatriots." When then is it open to the Chinese and Shenzhen compatriots? No, not at all. Finally I discovered that they were still holding the "iron rice bowl" and "sharing food from the same big bowl," and they were the most excellent representative of cadres engaged in commerce and were led by the Friendship Company.

The organization and discipline of the working class is not innate. It may be slacken without ideological consciousness, economic benefits, or strict management.

CSO: 4006/196

LABOR AND WAGES

WAGE SYSTEM IN SHENZHEN SPECIAL ZONE

HK140845 Beijing RENMIN RIBAO in Chinese 11 Jan 83 p 4

[Newsletter by RENMIN RIBAO reporter Lin Li [2651 6849]: "Wages--First in a Series of Eyewitness Reports on the Shenzhen Special Zone"]

[Text] Those who have visited the Shenzhen Special Zone are all attracted by its wage system.

Some felt surprised and some admired the system. What was the reaction of some other people? They regarded it as a "product of Hong Kong origin" and brought it to the inland areas to exchange whispered comment on it in their "realm of freedom."

Shenzhen is a special zone, so we should treat it in the light of local conditions. If we assess the system there according to the regulations and convention suitable to the inland cities, we will regard some matters in the special zone as the greatest outrage. Furthermore, Shenzhen is at a stage of development and construction. All work in Shenzhen is carried out on an experimental basis. Since it is an experiment, the possibility of success and failure should be taken into account. Actually, success and failure are battling and struggling with each other in all work carried out in Shenzhen.

It is true that wages in Shenzhen are high, 100 to 200 percent higher than the wages in the inland areas. The proportion of increase is even higher for those who earn lower wages. The reason is: While basic wages remain unchanged, allowances continue to increase. Allowances surpass basic wages by 100 to 200 percent or more. This gives rise to the situation of the so-called "low wages and high allowances." Before 1982, each and every department had its own wage system and no unified rules and regulations were followed. Readjustment and reform were carried out in 1982 in order to remove the stumbling block of eating from the "iron rice bowl in the same canteen with everyone else" which damped people's enthusiasm and created a new situation in the reform of wage system and construction in Shenzhen.

The Friendship restaurant store in Shenzhen Municipality is one of the experimental units where reform of the wage system has been carried out.

The Friendship restaurant store, which started business in July 1980, is a large enterprise. It has four dining rooms and four department stores and employs 579 staff members and workers. While carrying out reform of the

wage system, the restaurant canceled 10 kinds of allowances: frontier allowances, goods price allowances, allowances for grain price differences, extra wages, bicycle allowances, allowances for rent and water and electricity charges, cold drink allowances, midnight snack allowances, general medical allowances, labor insurance for employees' directly related family members and so forth. Some allowances which should not be canceled have been retained temporarily, such as allowances for business trips, holiday pay, overtime pay for nonspecialized work, hospitalization and medical fees for severe chronic diseases, allowances for regional price differences and so forth.

The reforms methods are; Basic wages are retained. In addition, there are post wages and floating wages. The following is the proportion of the three kinds of wages:

Average monthly basic wages: 39.22 yuan for each person;
average monthly post wages: 40.40 yuan for each person;
average monthly floating wages: 88.38 yuan for each person.

Post wages are determined by staff members' present positions, floating wages which account for the largest percentage, 52.6 percent, are determined by staff members' performance, working attitude and their actual achievements in work. The decisive factor of floating wages is the accomplishment of sales volume. Anyone who fails to accomplish his sales volume is not entitled to floating wages. Therefore, staff members, workers and others show concern for sales volume and everyone is trying his best to accomplish it. Those who have overfulfilled sales volume are entitled to a bonus. Stimulated by this measure, one day, the friendship restaurant store overfulfilled sales volume by 400,000 yuan of foreign exchange coupons. The electric appliance group sold 4,000 electric fans in a day. A salesclerk sold goods to the sum of 100,000 yuan of foreign coupons in a day. It would be impossible for the interior areas to set these two new records.

[HK140847] Wage reform in the Friendship restaurant store has embodied the spirit of respecting technical workers. The wages of their first grade cooks and first grade refreshment makers are the same as that of general manager. Their monthly wage is 280 yuan. After wage reform, the average monthly wage in the Friendship restaurant store is 168 yuan for each person, an increase of 12 percent over the wage before the reform. Although the reform is only preliminary, it has played the role of arousing the enthusiasm of staff members and workers. This has also greatly arrested the attention of various localities throughout the country. "Wage reform tentative regulations" worked out by the Friendship restaurant store has been used by a number of units in the interior areas as reference.

Since the setting up of the Shenzhen Special Economic Zone, a number of factories which process raw materials provided by foreign businessmen have been established. When raw materials are available, these factories have work to do and can earn profits. When raw materials are not available or the supply of raw materials is not sufficient, these factories will stop production or can only carry out their production partly. In such a way, they are unable to make profits and their incomes drop. The business of processing raw

materials provided by foreign businessmen is the most active in Shenzhen, although it is unstable. Therefore, various kinds of wage systems were pursued. Before 1982, the wage of a director of a factory which processed raw materials provided by foreign businessmen was based on the average wages of five workers whose piece rate wages were the highest. A factory director might earn about 350 yuan per month, but his wage is not stable. Therefore, these factories do everything possible to win customers and look for raw materials. They might process raw materials provided by several customers and accept orders from different customers in the same period. These factories have developed by relying on processing raw materials provided by foreign businessmen. Therefore, factory directors concern themselves with marketing and sale of products. They have learned to engage in business and make a deal with capitalists. They might open their eyes wide and quarrel with the capitalists because of price differences of even 1 fen. However, at a banquet held in Diguo Hotel, they might toast the capitalists and chat with them happily. Enterprise managers in the interior areas are exempt from the threat of the present world economic crisis. However, their counterparts in the special economic zone must always pay close attention to the development and changes of the world economic situation. Through 3 years of hard work, some of the factories have already got fixed customers and some have succeeded in opening up an avenue in processing raw materials provided by foreign businessmen. Some other factories can carry out their production regularly and steadily. On such a basis, the Luohu Special Zone has formulated a draft of "industrial management regulations" which has been implemented on a trial basis. It has been stipulated that administrative and management personnel of the factories engaged in processing raw material provided by foreign businessmen should pursue the system of floating wages. In some factories, the system of post wages is also followed in addition to the system of floating wages. The monthly wage of a factory director is about 300 yuan and director of a workshop earns about 200 yuan per month. The average monthly wage of a worker is about 120 yuan. Some of the workers can earn 300 to 400 yuan per month. In such a way, the principle of remunerations according to work and more work for more pay is truly implemented in the special zone!

There are more than 200 engineering and technical workers in the Shekou industrial zone. Their former salaries have, first of all, been increased by 110 percent. In addition, various kinds of allowances are granted to them, including allowances granted throughout the country and granted exclusively in the special zone. The people concerned told the reporter that those engineering and technical workers who formerly earned 62 yuan in the interior regions may now earn 160 to 180 yuan in Shekou. Those who make important contributions or have achieved remarkable results in their work might even earn as much as more than 200 yuan.

[HK140849] The fact that engineering and technical workers are respected and favorably treated in the Shenzhen Special Zone is also demonstrated in other respects. The problem of approving engineering and technical workers' family members residing in cities is very difficult to solve in the interior areas. However, the special economic zone may give technicians preferential treatment in this respect. In Shekou, all the applications for having their family members reside in the special zone have been granted. With regard to apartments, a family of four may usually live in an apartment of three bedrooms and

one sitting room. Among more than 200 engineering and technical workers in Shekou, most of them were technicians before they came to the special zone. Now, more than 50 percent of them have been promoted to be engineers and promotion procedures for the other technicians are underway.

In February 1982, when this reporter visited the Shenzhen Special Zone for the first time, a cadre of the Planning Bureau briefed me on the situation of the special economic zone. People told me that this cadre is called Guo Binghao who has just been promoted from deputy department head to department head. Last April, when I visited the Shenzhen Special Zone again, a cadre from the Planning Bureau also briefed me on the situation there. People told me that the cadre was called Guo Binghao who had just been promoted from department head to deputy director of the bureau. When I told other people about the promotion, a "Shenzhen old-timer" chipped in: Guo Binghao, a native of Shanghai, was a university graduate of the 1960's. He worked as a technician after coming to Shenzhen. If the special zone had not been established, he would have been working as a technician for many years!

The special zone has opened up a new field for people of lofty ideals.

CSO: 4006/203

TRANSPORTATION

PROGRESS IN BUILDING SONGHUAIJIANG BRIDGE REPORTED

Harbin HEILONGJIANG RIBAO in Chinese 5 Nov 82 p 1

[Article by correspondent Gan Suming [3927 5128 2494]: "Trial Drilling on First Poured Concrete Pile for Songhuaijiang Bridge Successful"]

[Text] On 2 November, at the worksite on the north bank of Songhuaijiang River, the trial drilling for the first poured concrete pile for No 9 pier was successful. This marks the completion of preparatory work for the construction of the Songhuaijiang highway bridge, and the beginning of trial construction.

The provincial people's government approved the preliminary design of the Songhuaijiang highway bridge and listed this as a key project of the province on the eve of National Day. Beginning next year, all the increased road fees collected will be used on the bridge construction, and the supplies departments will guarantee the supply of the materials needed. Vice Governor Chen Jianfei [7115 0494 7378] will preside over the regular monthly meetings and help solve the important problems encountered in the bridge construction.

The Ministry of Communications has attached great importance to the construction of this bridge, and has given its strong support in the way of funds, supplies and technology. Recently, it has been decided that in the first half of next year, 2,500 tons of cement, 500 tons of steel materials and 500 cubic meters of timber will be supplied in advance to supplement the requirements of the construction of this bridge.

Based on the preliminary design, the bridge command post has actively carried on the preparatory work. With the First Provincial Highway Engineering Department playing the main role, this command post has formed a branch command post and five construction brigades to undertake the task of building the main bridge. Engineer Jia Yonggui [6328 3057 6311] chief of the branch command post, organized the technicians to work around the clock to work out the general plan for the main bridge as soon as possible, and made scientific arrangements for expediting various types of preparatory work.

In early September, more than 1,000 bridge builders from various places had gathered by the Songhuaijiang River and put up their camps on the deserted beaches in the north. After some 50 days' hard struggle, a gigantic work base was beginning to take shape. Power cables were then put up and large drills,

cranes and other construction equipment gradually arrived to be installed. Light rails were also laid up to the wharf where large shipments of building materials were arriving by ships to be transported to the worksite.

The main bridge of more than 1,000 meters spans the main channel of Songhuajiang, and the work on some 170 drilled piles for poured concrete in the eight piers had to be done in water. This was a difficult task. The command post leadership and the engineers jointly studied the situation and referred to the experiences of other localities. Since there is a huge quantity of flowing sands at the riverbed, they worked out the plan of using the sands to build islands so that the construction could be carried out on the islands instead of in water. In late September, with the use of dredgers of the Harbin Municipal River Bank Engineering Department, the fourth construction brigade under the branch command post worked continually for more than 20 days and nights and collected more than 45,000 cubic meters of sand from the riverbed. Then near the seventh, eighth and ninth piers, they built three sand-islands which, after being protected by cofferdams and being leveled, became spacious worksites. There are lanes connecting these islands with one another and with the work base at the north bank. The plan not only saved a lot of trouble in working in water, but also help the state to greatly reduce its investment.

Drilling of the first poured concrete pile began on 26 October. Inspired by the spirit of the 12th National Party Congress, the leaders, workers and staff members of the first construction brigade under the branch command post braved the cold winter winds and worked day and night on the islands. In only 7 days, they drilled down to a depth of 57 meters and reached the rock bottom. The drilling was a success. No 2 and No 3 drill also went into action, striving to increase the drilling footage and to complete with fine quality the task of drilling the 22 poured concrete piles for No 9 pier. The bridge builders are working hard to gather new experiences in winter construction as a contribution to the shortening bridge construction periods.

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TRANSPORTATION

SURFACING OF HIGHWAY TRAVERSING BADALING COMPLETED

Beijing BEIJING RIBAO in Chinese 24 Oct 82 p 1

[Article by Xia Chuansun [1115 0278 5549] and Feng Shicheng [7458 0099 2052]: "Highway Across Badaling Completely Open to Vehicle Traffic"]

[Text] Inspired by the spirit of the 12th National Party Congress, the surfacing of the highway across Badaling with asphalt was completed 5 days ahead of schedule. The whole highway is now open to vehicle traffic.

This highway is of the highest standard, starting from Changping, running through the tourist spot of Badaling, and ending at the hilly area of Yanqing. It was initially completed for vehicle traffic in October 1981, and its surfacing with asphalt began on 15 July this year. The hard work of the broad masses of road builders has helped to speed up its progress. To ensure the on-schedule completion of work, the Yanqing Highway Administration Office displayed the spirit of "coordinating all the activities of the nation like moves on a chessboard" and, after completing its own task, helped the Changping Highway Administration Office to surface nearly 20,000 square meters of the highway, thus ensuring the completion of the work on the entire highway before the winter season. The construction units also popularized the new technology of using inorganic binding materials for the bedrock, so that the road surface would be more even and solid.

Completion of this highway and its being opened to vehicle traffic will greatly alleviate the traffic congestion on the old Badaling Highway.

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TRANSPORTATION

VOLUNTARY CIVILIAN LABOR HIGHWAY MAINTENANCE IN GANSU REPORTED

Lanzhou GANSU RIBAO in Chinese 14 Nov 82 p 1

[Article by Shun Long [7311 7803]: "Voluntary Service from 80,000 Peasants for Maintenance of Commune and Production Brigade Highways in Gulang County"]

[^ext] In Gulang County where the production responsibility system of allotting work to individual households is comprehensively adopted, 80,000 peasants have recently been organized to repair seven commune and production brigade highways of a total length of 500 kilometers in 10 days. The value realized of their work was 1 million yuan.

Beginning 19 October, more than 80,000 peasants with some 30,000 push-carts, more than 60 trucks and tractors were seen working on seven commune and production brigade highways everyday. In only 10 days, the broad masses of cadres and people, working from early morning to late evening, moved 500,000 cubic meters of stone- and earthwork, repaired and covered with sands seven commune and production brigade highways totaling 500 kilometers. On the unified acceptance check by the county government, 75 percent of the repaired highways were found to be satisfactory with regard to the evenness of the pavements and the crowns, the sand-covering and the roadside drains, and a certificate was issued to that effect. According to the estimates by the county economic commission, these 80,000 peasants working on the highways have created a value of 1 million yuan in 10 days, which was shorter than the planned period by 20 days.

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TRANSPORTATION

EFFECTS OF OPENING OF YANGQUAN-TAIYUAN LINE NOTED

Taiyuan SHANXI RIBAO in Chinese 24 Oct 82 p a

[Article by An Zhi [1344 2784], Ji Rongbin [0679 2837 2430] and Shi Guisheng [4258 6311 3932]: "What To Do When the Electrified Yangquan-Taiyuan Railway Is Operative?"]

[Text] The electrified Yangquan-Taiyuan Railway was formally open for traffic on 29 September. From 1 to 18 October, the daily average number of freight trains with electric locomotives was 25 and the total number in this period was 450. The amount of cargoes transported was 1,575,000 tons, an increase of 150,000 tons over the same period in the previous month.

The opening of the electrified Yangquan-Taiyuan Railway has brought certain problems because of the new equipment, new technology, new personnel, new business conditions and the equipment breakdowns during the break-in period of the line. Under these conditions, the responsible comrades of Taiyuan Railway Administration Bureau and its branch bureau and the stations and sections concerned as well as the engineering and technical personnel worked on shifts day and night so that they could study and solve any problem as soon as it occurred. The power supply section of the line in Taiyuan spread out its personnel over many points so that rush repairs could be carried out anywhere and the normal operation of the electric trains could be guaranteed. The hauling power of each locomotive has been increased by 50 percent, and the trip from Taiyuan to Yangquan has been reduced from 4 and a half hours to 3 hours. Because of the fine coordination of all links of transportation, late departures or arrivals of trains have been basically eliminated. The rate of on-schedule operation has reached 87.2 percent. In addition, the daily distance covered by the locomotives, the technical speed and the average load hauled have all shown marked improvement.

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TRANSPORTATION

MORE ON DEVELOPMENT OF COMMUNE HIGHWAYS IN GANSU REPORTED

Lanzhou GANSU RIBAO in Chinese 15 Oct 82 p 2

[Article by Propaganda and Education Section of the Provincial Communications Bureau: "For Convenience to People and Development of Production, 98 Percent of Communes in Our Province Now Accessible by Regular Buses"]

[Text] Our province has a large area with rolling mountains and criss-crossing valleys. Transportation was very backward before liberation. There were only some 3,200 kilometers of highways barely suitable for vehicle traffic; now, they have been increased to more than 32,000 kilometers including 20,300 kilometers of county and commune highways. While building county and commune highways, we have also built production brigade highways and roads in the fields for mechanized farming totaling 51,000 kilometers. A system of highway communications networks with the county cities as the centers is beginning to take shape.

Since the Third Plenary Session of the 11th Party Central Committee, the state has not reduced its funds for the development of local communications and to solve the problem of travel among the people in backward areas. It has even allocated 8.5 million yuan as "funds for supporting the development of economically weak regions." In the past 3 years, we have repaired and built 847 kilometers of county and commune highways; repaired and built 763 kilometers of asphalt roads; reconstructed 985 kilometers of highways; repaired 3,150 kilometers of highways; opened more than 20 dead-end roads; repaired 133 bridges; repaired 3,346 culverts and 44 drawbridges; and greatly improved the technical conditions of highways. Now the graded surface county and commune highways in the province have been increased from 7,003 kilometers to 10,661 kilometers while the length of upgraded highways has been reduced from 64 percent to 49 percent. The proportion of communes accessible by scheduled buses has been raised from 73 percent to 98 percent; and that of production brigades, increased from 34 percent to 76 percent.

The rapid development of communications has helped to provide greater convenience for the rural areas, to raise transportation efficiency, and to promote production. Before any highway was built in Lixin Commune in Chengxian County, grain, chemical fertilizers and agricultural sideline products had to be transported in shoulder packs, and more than 50,000 labor units, or 30 percent of the total labor power, had to be spent each year. After the building of highways, more than 35,000 labor units can be saved each year. Transport efficiency in the 23

kilometer section between Lanzhou Municipality and Jingoukou was doubled after its reconstruction. Based on a daily average traffic volume of 500 vehicle trips, 79 tons of fuel can be saved each year.

To step up the development and construction of county and commune highways, the highway administration bureaus have extensively launched a campaign for all-perfect road sections and all-perfect engineering quality, and accordingly set up a system of management. The provincial, prefectoral and county highway departments have also strengthened their administration organs in various localities and assigned to them 488 administrative workers and technical cadres. On the key maintenance trunk roads, they have established 595 road-maintenance squads with more than 4,700 voluntary peasants and road maintenance workers, and 520 sets of road-maintenance machines of various types. Guided by the correct line of the 12th National Party Congress, we can certainly make new achievements in developing the local communications undertakings of our province.

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TRANSPORTATION

CHINA'S FIRST ELECTRIFIED DOUBLE-TRACK RAILWAY NOTED IN OPERATION

Beijing BEIJING RIBAO in Chinese 1 Oct 82 p 1

[Article: "China's First Electrified Double-Track Railway, the Shijiazhuang-Taiyuan Railway, Completely Open to Traffic"]

[Text] The first electrified double-track railway--Shijiazhuang-Taiyuan Railway--was formally opened for traffic today. At 0930 hours, the electric locomotive of the first train, decorated with color streamers slowly moved out of Taiyuan Station and headed for Yangquan.

This railway is 235 kilometers long, and the electrification of this double-track railway has been one of the key projects in our country. This project began in 1975, and the 117-kilometer section from Shijiazhuang to Yangquan was completed and open to traffic in September 1980. The Yangquan-Taiyuan section, which was opened today, is 118 kilometers long. Work on this section began in 1978, and with the common efforts of more than 5,000 workers, it was completed and open for traffic 3 months ahead of schedule. The electric locomotives and the equipment for communications, signaling and power supply used in the Shijiazhuang-Taiyuan line were all designed and manufactured in our own country.

The Shijiazhuang-Taiyuan Railway is one of the main lines to transport coal out of Shanxi Province. The opening of this line to traffic will provide favorable conditions for speeding up the building of coal energy bases in Shanxi Province and for transporting coal out of the province.

According to the design, full operation of the Shijiazhuang-Taiyuan Electrified Railway will increase the transportation capacity several times over, and the load carried by each train will be increased from 2,200 to 3,500 tons.

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TRANSPORTATION

PROGRESS ON HARBIN-MANZHOULI DOUBLE-TRACK RAILWAY REPORTED

Harbin HEILONGJIANG RIBAO in Chinese 15 Nov 82 p 1

[Article by RENMIN TIEDAO correspondent Zhang Shugui [1728 3412 6311] and HEILONGJIANG RIBAO correspondent Bing Yingnian [6728 6601 1628]: "Construction of Harbin-Manzhouli Double-Track Line Accelerated"]

[Text] Construction of the Harbin-Daqing section of the Harbin-Manzhouli Railway is now going on in earnest. Reconstruction of Anda station has been completed ahead of schedule, and the double-track line between Yangcao and Caojia stations was open to traffic on 16 October. The double-tracks in five districts are now in operation. The laying of tracks for the double-track line between Wolitun and Longfeng stations has been completed and this line is expected to be in temporary operation some time this year. The double-tracks for this section will be completed in 1984, and the loads carried will be increased several times over.

The Harbin-Manzhouli Railway runs across the western part of our provinces to as far as the Hulunbeier Grassland in Nei Menggol. Completion of the whole line is of great significance to the development of the western part of our province and particularly to the acceleration of the construction of the 300,000-ton ethylene plant in Daqing; and will play an important role in the exploitation of the forest areas in Daxinganling as well as the coalfields in Hulunbeier. According to calculations, when construction of the Harbin-Manzhouli double-track railway has been completed, consignors of goods will be able to have many cars as they need for their shipments. The transportation capacity will be basically adequate for the quadrupled industrial and agricultural output value.

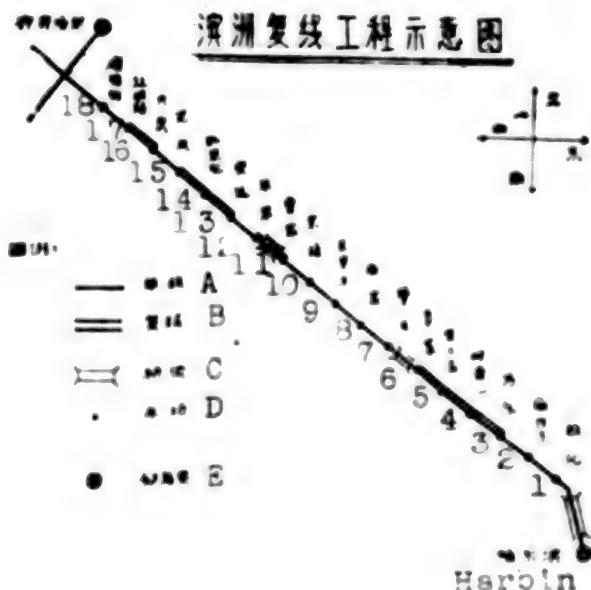
The Harbin-Manzhouli Railway was first built by Tsarist Russia in 1901. It has been rebuilt to a certain extent since the founding of the People's Republic, but is still inadequate for the ever increasing load, particularly because of the exploitation of Daqing Oilfield and the building of the Daqing Ethylene Plant, which are exerting great pressure on the transportation capacity. To meet the requirements of economic development by increasing the transportation capacity, the state has decided on the project of a double-track Harbin-Manzhouli Railway. Both the Harbin and the Qiqihar railway bureaus have worked together very closely, and sent their experienced work forces for the project. Its progress is fast and the work quality is fine.

Anda Station occupies an important position in the Harbin-Manzhouli Railway and is the pivotal station of both the Harbin and Qiqihar railway bureaus. This is where the south-bound and north-bound trains to and from Daqing are marshaled. Because the station premises were inadequate and the sidings were few, trains were frequently delayed here. Therefore, its reconstruction was listed as a priority project. The reconstruction was completed in slightly more than 2 years, beginning 1980. The number of sidings was increased from 12 to 20; more than 20,000 cubic meters of stone- and earthwork were completed; new tracks were laid over more than 10 kilometers; more than 50 sets of switches were installed; and the power lines were all replaced. All these tasks were carried out without interrupting normal transportation. During the construction, the Qiqihar Railway Bureau sent more than 90 of its transportation personnel here to guide the trains in and out of the station. Thus regular transportation was assured without any accident. After the reconstruction, the receiving, dispatching and marshaling capacities of Anda Station were all raised by more than 40 percent.

The amount of stone and earth required for the new double-tracks of more than 120 kilometers between Harbin and Anda has been increased by three or four times this year. Since no stones or earth could be collected in some places along this line, the Harbin Railway Bureau organized long-distance hauls, and without affecting the traffic on the main line, the trains carried more than 3,500 cars, totaling more than 110,000 cubic meters, of stones and earth, without any accident. Since tracks had to be laid over a long distance, mechanized track-laying was used to speed up the work. It is estimated that the mileage of track-laying will exceed the planned length by more than 20 percent.

Diagram of the Harbin-Manzhouli Double-Track Railway

Qiqihar



- 9. Wulimu
- 10. Song station
- 11. Caojia
- 12. Yangcao
- 13. Anda
- 14. Wolitun
- 15. Longfeng
- 16. Daqing
- 17. Beihu station
- 18. Lamadian
- A. Single track
- B. Double tracks
- C. Bridge
- D. Station
- E. Railway bureau

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Key:

- | | |
|---------------|-------------|
| 1. Songbei | 5. Limudian |
| 2. Miaotaizi | 6. Jiangjia |
| 3. Manle | 7. Zhaodong |
| 4. Liuguishan | 8. Lujia |

TRANSPORTATION

RAILWAY TRANSPORT DEVELOPMENT IN GANSU PROVINCE REPORTED

Lanzhou GANSU RIBAO in Chinese 25 Oct 82 p 1

[Article by Diao Jinxing [0431 6855 2502]: "Original Lines Transformed, New Line Built--Lanzhou Railway Bureau Determined To Create New Situation in Railway Construction"]

[Text] Earnestly studying the documents of 12th National Party Congress in the light of realities, the party committee of Lanzhou Railway Bureau has expressed its determination to create a new situation in railway construction in order that it can serve as the vanguard in the vigorous development of the economy in the northwest.

This party committee was greatly inspired after reading about the grand objective for economic construction set by the congress. The party committee members were convinced that the designation of communications and transportation as one of the strategic priorities in attaining the grand objective and the explicit statement that communications and transportation will hereafter be the basic link and regulating factor in economic development were very correct analyses and wise policy decisions. The northwestern region has rich natural resources, including energy resources, and will be a key factor in the development of heavy industry and the vigorous economic growth in the next 20 years. This will set a glorious, though arduous, task for the Lanzhou Railway Bureau. Every 270,000 tons of cargo transported by the railway will mean an increase of 100 million yuan in the industrial and agricultural output value in Gansu. At present, although the transport capacity of all the main trunk lines has reached the saturation point, it can only meet 50-60 percent of the actual requirements of Gansu, Qinghai and Ningxia. Therefore, the vigorous development of railway construction in order to create a new situation in railway transportation for accelerating the economic development in the northwest is a very urgent task.

After studying the actual situation and analyzing the prospects of the bureau's future development, the party committee of Lanzhou Railway Bureau was more confident of its ability to create a new situation for the following reasons: First, electrification of the Tianshui-Lanzhou section is now proceeding in earnest. When the whole line is open for traffic in 1984, the transportation capacity will be doubled. Second, electrification of the Paotou-Lanzhou line will begin in 1985, and its design is being prepared. Completion of this line will also double the transportation capacity. Third, there are 15 technical

transformation projects to be carried out on the Lanzhou-Xinjiang line. Work on three of these projects, namely the extension of sidings for the Yumen-Shulehe section, and the reconstruction of the freight yard in Tianshu and of another freight yard in the western station of Lanzhou has already begun. Completion of the entire reconstruction project will increase the transportation capacity by approximately 20 percent. Fourth, a new line across Gansu Province will be built. When these main projects are completed, the Lanzhou Railway Bureau will be able to basically meet the requirements for the vigorous economic development in the northwestern region.

The party committee of Lanzhou Railway Bureau has already worked out practical and effective measures for changing the present inadequate conditions as soon as possible; and, with the spirit of the 12th National Party Congress as its motive force, decided to make greater contributions to the state by overfulfilling the transportation plan for the current year by 1.55 million tons and handing over a profit of 80 million yuan. At present, the key project of electrification for the Tianshui-Lanzhou line, that is the transformation of the Lanzhou western station terminal, is now proceeding in earnest in an effort to open the electrified Tianshui-Lanzhou line for traffic ahead of schedule. By tapping its resources, strengthening the organizational work and revising the operation charts, the bureau will be able to add two pairs of freight trains and one pair of passenger trains each day on this line.

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TRANSPORTATION

BRIEFS

FUJIAN AIRPORT RUNWAY--A high-grade concrete runway at the airport of the Xiamen Special Economic Zone, Fujian, was completed on 24 December, 17 days ahead of schedule. One of the main construction projects at the airport, this runway is 2,150 meters long and 45 meters wide. [Fuzhou Fujian Provincial Service in Mandarin 1120 GMT 24 Dec 82 OW]

ELECTRIC RAILROAD SAFETY NOTICE--The provincial people's government has issued a notice demanding that the masses insure the safety of an electric railroad. The notice says that the Tianshui-Longxi electric railroad will formally open to the traffic and be put into operation on 16 January. The voltage of the high-tension electric network above the electric railroad is 125 times that of the voltage for general civil use. When a human being or an article touches the high-tension electric network, there will be danger that he will get an electric shock and be killed or be burnt by the electricity, and fire will break out. The notice of the provincial people's government demands that the masses along the railroad cherish and protect the railroad and keep clear of the top part of the passenger and freight trains and locomotives. All relevant units must teach their subordinate personnel to strictly observe the relevant safety regulations. The notice demands that people's governments at all levels and all organs, PLA units, schools, factories, mines and enterprises universally conduct publicity on and education in cherishing and protecting the railroad, to insure the safety of the electric railroad. [Text] [HK170919 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 14 Jan 83]

JING-QIN RAILWAY TRACKS LAID--The laying of tracks for the 132-kilometer western section of Jing-Qin Railway formally began on 30 October, 33 days ahead of schedule. Inspired by the spirit of the 12th Party Congress, the workers of the Third Engineering Bureau of the Ministry of Railways made great efforts to speed up their work on the western section of the railway, and completed the stone- and earthwork for the bridge culverts over a distance of 132 kilometers 1 month ahead of schedule. This made it possible for the tracks to be laid ahead of schedule. The workers undertaking the laying of tracks and the building of bridges worked day and night to speed up the preparatory work, and track-laying from Yanjiao Station was formally started 33 days ahead of schedule. [Text] [Beijing BEIJING RIBAO in Chinese 4 Nov 82 p 1] 9411

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GENERAL

'JINGJI RIBAO' ON WESTERN ECONOMIC SITUATION

HK181345 Beijing JINGJI RIBAO in Chinese 3 Jan 83 p 4

[Article by Huan Xiang [1360 6763]: "Assessment of the West's Economic Situation"--based on excerpts of a speech at "Present World Economic Situation Symposium"]

[Text] The present economic situation of the West as seen from the long-term trend and the short-term trend.

As seen from the long-term trend, there will be no fundamental turn for the better in the economy of the West until the middle or the later part of the 1990's, and perhaps even longer. A turn for the better means getting away from the crisis and returning to the path of recovery and prosperity. The reasons are:

1. Inability to put forward comprehensive treatment plans. The political and economic system established by the capitalist world after World War II has collapsed. It is now impossible to establish a new political and economic system.

Keynesianism has reached the end of the road. It can no longer push forward the progress of capitalism and has instead given rise to numerous new contradictions. The present economic policy of the West is to treat the symptoms but not the disease. To solve inflation, they have disregarded unemployment and even encouraged increasing unemployment. The moment financial crises appear, they stop extending credits and this has led to high interest rates. The West is now faced with a crisis in political economy. Various countries have reached an impasse in economic policy and are unable to put forward a method for solving the crisis. The simple doctrine of tight money of the supply school is no longer workable. Western economists want to work out a mixed package plan of various strong points, but so far they have still not been able to come up with such a plan.

2. Inability to put forward a global method of solution. After the war, the most outstanding feature of capitalist economic development has been globalization and internationalization. The present economic crisis cannot be solved by any individual country and requires the joint cooperation of all countries. The present situation is that economy has become internationalized but politics

is still confined within the limits of single countries. For the sake of the interests of their own country, the bourgeois politicians of various countries [word indistinct] shifted the blame for contradictions and difficulties to others and a unified method of solution cannot be found. Numerous summit meetings have been held, but they still cannot arrive at a major conclusion. I am afraid that this problem still cannot be solved for another 10 or 15 years.

3. The scientific and technological revolution has still not developed to the extent of affecting world economic development.

The United States and Western Europe are at present reorganizing their industries. The new industries are mainly of four types: new energy sources, aerospace, ocean exploitation, and biochemical industries. Some of the people in the West are pinning their hopes on these four new industries and hope to make use of them to give an impetus to the development of the hole economy. However, to make use of such new technologies in industry on a commercial basis will still take 10 to 20 years or even longer.

Based on the three reasons given above, my assessment is that there will not be a fundamental turn for the better in the economic situation of the capitalist world until the middle or the later part of the 1990's, or even not until the 21st century.

As seen from the short-term trend, the present economic situation of the capitalist world is in a very bad shape. The United States is a bit more stable and Western Europe is a bit more worse off. However, we must still make an analysis for they also have some favorable aspects. For example, inflation has been pushed down, high interest rate has been lowered and successes have been achieved in energy conservation. Moreover, the armament industry and massive arms sale have also helped the United States.

How should this situation be assessed? For a short time, it will continue to be in the shape of the letter W, but there will not be a genuine turn for the better. U.S. scholars are of the opinion that they are now at the bottom of the W and reckon that they will reach the top of the W by next year, or at the very most, by the year after next. The reason is that an investment upsurge will be set off. I am skeptical about this. Because speculation is still very serious at present, and not very much of the savings of the people can be mobilized for industrial investment. Moreover, a lot of machinery has not been used much because of the slump, and capitalists will not consider it worthwhile to invest in new machinery. Judging from this, it will be quite difficult to set off an investment upsurge.

I think that at best there will only be a small pickup in 1983, but the pickup will drop again. After slightly picking up, it will go down again.

Industrially speaking, there is very little possibility of great crisis similar to that of the 1930's taking place. As seen from finance, because of the adoption of such measures as increased compensation ability and means of circulation, there is the possibility that the situation will not further deteriorate. Therefore, there is also not much possibility of a great crisis similar to that

of the 1930's taking place. The Western economy will still be stagnant, sometimes improving and sometimes taking a turning for the worse, for a long time.

With the situation of the West in constant turmoil, on this side in socialist China, we have a scene of stability and unity. Everybody is reliably and firmly building up the economy in accordance with the blueprint worked out by the 12th Party Congress and the 5th NPC, and we can say that the landscape here is exceptionally good.

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GENERAL

'JINGJI RIBAO' URGES STUDY OF WORLD ECONOMY

HK190457 Beijing JINGJI RIBAO in Chinese 1 Jan 83 p 4

[Article by Qian Junrui [6929 0193 3843]: "It is Very Necessary for Us to Seriously Study the World Economy"--passages within slantlines published in italics]

[Text] With its precise and ruthless truth, history always educates, mocks, punishes people and encourages them to march forward. Capitalist imperialism was finally established toward the end of the 19th century and at the beginning of the 20th century. The October Revolution achieved a victory in one corner of this decadent system and led mankind into a new historical period. From the 1920's to the 1950's, socialism shone with dazzling splendour and fully showed its incomparable superiority. Later, it experienced serious frustrations. From the 1940's to 1960's, a great number of colonies and semicolonies stood up one after another and won political independence to develop the national economy, thus forming the extensive and powerful Third World. Due to certain specific historical conditions, developed Western capitalist countries in the 1950's and 1960's experienced a "golden age" of rapid economic increase. But they entered into a period of protracted recession from the 1970's.

Now the world has entered into the 1980's. According to the objective laws of the world's economic development and estimates of the practical situations in various countries, the economy of developed Western capitalist countries will, in the whole period of the 1980's, increase at a low speed under the circumstances of crisis interwoven with stagnation or their alternating appearance. It may go up again, but will not rise rapidly and for a long time. The Soviet Union and some east European countries will reduce their speed of economic development but maintain a sustained increase. As for the Third World countries, many, except for certain oil-exporting countries and industrially advanced countries, will meet difficulties resulting from the crises shifted on to them by the hegemonists and imperialists. These countries will experience a slow development or stagnation in economy, and their people will lead a more miserable life. Whereas socialist countries, such as China, will, after carrying out adjustment and reform, embark on a road of healthy development and bring into full play the superiorities of the socialist system.

The 12th CPC Congress has formulated a grand program for the creation of a new situation in all fields of socialist modernization from the 1980's to the end

of the century. The fifth plenary session of the fifth NPC also adopted the sixth 5-year plan for China's national economy and social development. All comrades who are engaged in the research and teaching work of the world economy and practical economic work must seriously conduct investigations and research on the above international economic situation in such fields which they are concerned, interested in and familiar with, thus more effectively creating a new situation and serving better the realization of the sixth 5-year plan and the formulation of the seventh, eighth and ninth "5-year plans."

What fields must we stress when we conduct our investigations and research?

First, /we must scientifically analyze the present world economic situation and look forward and forecast the development trend of the world's economy in the 1980's and 1990's/. The new situation of socialist modernization which we are going to create is closely connected with the world's political and economic situation. The current economic crisis and stagnation in developed Western capitalist countries has various favorable as well as unfavourable influences on China in developing its foreign trade and importing foreign capital and advanced technology. It is extremely important to our country's socialist construction and particularly for formulating strategic guiding principles and policies in our foreign trade that we promptly master the market, interest rates and information on the world's commodities and the capital market and correctly forecast the trends of world economic development. We must more skillfully master the objective laws of world economic development (such as the law of reproduction cycle of capitalism and its variation, the law of the uneven development of capitalist economy and politics, the law of the uneven development of the Third World countries, the law of the economic development of socialism and the law of the movement of international finance and currency, etc), well understand the economic policies and their effect on various principal countries and seriously study the scientific ingredients of some economic methods put forward by Western scholars (such as the theory of models, methods of launching production [words indistinct 2121 0354 3934 0427 3127], and metrology economics) to make more correct forecasts and predictions. We must deeply study the economic situation, policies and future trends of those countries which have important economic and political relations with China so as to formulate our concrete economic policies and measures in dealing with them. In the meantime, we must promptly and exhaustively keep abreast of various current international economic organizations, especially the functions, conditions and changes of the international monetary fund, the trade and development organization, the organization of industry, cooperation and development and the World Bank. We must also make specific analyses and studies of some important monopolized consortiums and multinational companies. All these will greatly benefit our country in utilizing foreign capital, developing foreign trade and importing technology.

Second, /we must emphatically study the experience of various countries in achieving economic modernization and carrying out economic readjustment and reform/. Modernization is a historical concept. It is a process of continuous development accompanying the development of science and technology and also a boundless process. Its development is uneven in different countries. The degree of modernization varies in different countries, with some advanced and

others backward. Developed Western capitalist countries have achieved a different degree of modernization in technology and economy within a relatively long time and are continuing to carry out further renovation. The Soviet Union, some east European countries and developing countries and areas have also achieved modernization. Some friendly socialist countries, such as the DPRK, Romania and Yugoslavia, are also vigorously carrying out the construction for socialist modernization. The modernization process of all these different countries provides both positive and negative experiences for us to make full use of. Besides learning their advanced science and technology and scientifically study their policies, methods and decrees in the fields of economic management system, industrial structure, training talented people, utilizing foreign capital, importing technology, developing foreign trade, applying and promoting science and technology, solving the problems of energy and transportation, organizing joint entity of industry, agriculture and commerce, and establishing special zones of free trade, processing industry for exports and scientific industry. We must particularly research the economic reforms of various countries of the CEMA and some friendly socialist countries and make full use of them.

Finally, /while studying the world economy, we must pay attention to the political trend of the world, particularly pay attention to the political situation and domestic and foreign policies of the two superpowers and other major countries/. This is firstly because China needs a protracted internationally peaceful environment to create a new situation in all fields of socialist modernization. Keeping abreast of the world's political trend, uniting the Third World countries and the people of the world to fight against hegemonism and safeguarding world peace has become one of our glorious tasks in creating a new situation in all fields. Meanwhile, we must lay stress on knowing the needs of the Third World countries so as to conduct economic exchanges and render mutual assistance according to the principle of reciprocity, equality, mutual benefit and friendly cooperation, thus performing our international duty.

The world is forging ahead. ON the whole, capital imperialism is increasingly bogged down in predicaments. Neither Keynesian economics, the doctrine of supply, or the doctrine of monetarism, can save it from stagnation and crises. The superpowers' hegemonism is unpopular. The national economy of the Third World will develop in the struggle for strengthening south-south cooperation and establishing a new order in international economy. Socialist countries will, in the process of readjustment and reform, take advantage of some internationally favorable conditions, avoid some unfavorable conditions and victoriously carry out modernization construction. If socialist China, with its vast territory, abundant resources and large population, can victoriously and completely achieve the grand objective of socialist modernization through strenous efforts, that will be a great contribution to the world economy and the whole of mankind which accords with the will of the people.

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GENERAL

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ECONOMIC RESULTS--They generally refer to the minimum consumption of labor and material to gain maximum material results (that is, to produce more products that meet social requirements). In other words, if we have to spend a certain amount of labor and material, we have to gain maximum material results or economic benefits; or if we want a certain amount of material results or economic benefits, we must spend minimum labor and material. If we can achieve maximum benefits with minimum consumption, we will have the best economic results. The stress on economic results must be consistent with the following requirements: First, the unity of use value and value of commodities. As for use value, we must have high outputs of fine-quality goods which are easily marketable and compatible with social requirements. Speaking of value, we must have low consumption and production cost and greater benefits and social accumulation. Second, the unity of production and circulation. We must not be solely concerned with production and neglect marketing. If we allow production and marketing to become disjointed so that the goods will be overstocked and finally written off, there cannot be any economic result to speak of. Third, the unity of microeconomics and macroeconomics and of immediate and long-range benefits. To improve economic results, we must look at the situation from the standpoint of not only the production enterprises, but also that of the entire national economy; and consider not only the present, but also the far distant future. We must attach great importance to comprehensive social economic results. If we disregard the unified requirements of state planning, cause damage to the national resources or jeopardize long-range social interests, then the stress on economic results will be meaningless. [Text] [Beijing GONGREN RIBAO in Chinese 22 Sep 82 p 3] 9411

COMPARATIVELY WELL-OFF--This is used to describe a family that is fairly well-to-do, and in which the people can live a comfortable and easy-going life. Hence the term "comparatively well-off families." Now, we use it to show that both the state and the people are no longer in a state of poverty either materially or culturally, and that along with the marked improvement in their material conditions and cultural life, people are now better-off and can live in comfort. Our goal is to enable our people to be comparatively well-off by the turn of the century. This is an important indication of the end of poverty for the people. However, our final goal is the realization of communism. The goal we are striving for by the turn of the century is for the people to be comparatively well-off which is, by comparison, far short of our final ideal. [Text] [Beijing GONGREN RIBAO in Chinese 22 Sep 82 p 3] 9411

TECHNICAL TRANSFORMATION--This means the renovation and transformation of the original production equipment (fixed assets) with advanced technology and equipment. It mainly includes the partial or complete renovation of machinery equipment, the alteration or expansion of factory buildings or other installations, facilities for the treatment of the "three wastes," the important technical innovation in work process, in material utilization and in the installation of equipment, and other measures of technical transformation. Most of the production equipment in our enterprises are outdated and backward, and affects the improvement of economic results and the development of the national economy. Therefore, the technical transformation to be carried out in a planned and systematic way for the various sectors of the national economy is an important strategic task. Technical transformation of the existing enterprises in order to raise their productivity, or to take the new road of intensive expansion of reproduction and to change the old method of expanding productivity by relying on newly built enterprises, or the method of extensive expansion of reproduction, is an important way to accomplish the four modernizations.

[Text] [Beijing GONGREN RIBAO in Chinese 29 Sep 82 p 3] 9411

ECOLOGICAL BALANCE--Ecological balance is dictated by natural law. Protection of natural resources, of environment and of ecological balance is an important condition and a basic requirement in carrying out socialist construction smoothly. There is a natural state of balance between various types of living things in nature, between these living things and their living environment, and in their mutual contact and constant motion. If this balance is upset over a prolonged period, disasters will result. For example, sparrows are listed as one of the "four pests" to be eliminated because they can cause damage to the crops. However, sparrows and other birds are also the natural enemies of certain harmful insects. If sparrows are all killed, the damage from insects will spread unchecked resulting in reduced grain yield or poor harvests. Again, if we improperly "reclaim land for planting grain," or "destroy forests to reclaim land," there will be soil erosion and abnormal weathers which may bring total ruin to agricultural production. These are the plainest examples of the destruction of ecological balance and the destructive effects of which we have personal experience. [Text] [Beijing GONGREN RIBAO in Chinese 29 Sep 82 p 3]

9411

CONSTRUCTION PERIOD--This means the actual time spent on certain construction or engineering project from the time when the work is formally started up to the time when it is completed and commissioned. Construction periods should be as brief as possible and the capital construction projects should be turned into productive capacity and made use of as soon as possible. Therefore, they are important indications of the economic results of the projects as well as the speed in the development of the construction undertaking. [Text] [Beijing GONGREN RIBAO in Chinese 20 Oct 82 p 3] 9411

PER-UNIT SOCIAL PRODUCT--This means counting various types of products in terms of units. Social products are of numerous types, and their quality and units of measurement are different. Furthermore, their outputs, output value and material consumption at different periods are not the same. To clarify the relationship between output and output value on the one hand and material consumption cost on the other, and to compare the economic results of different products, it is usually necessary to convert the total quantity of social products

into common units so that their value or material consumption (including energy consumption) can be compared with previous records or among themselves. In comparing the production costs, consumption and the magnitudes of value, we must exclude the factors of increase or decrease in output which can bring about their rise or fall. This kind of comparison is possible only when the total quantity has been converted into a number of units or when the per-unit product value is used. [Text] [Beijing GONGREN RIBAO in Chinese 20 Oct 82 p 3] 9411

TURNOVER SPEED OF CIRCULATING FUNDS--This refers to the number of days required for a complete turnover of the circulating funds of industrial or commercial enterprises, or the number of turnovers made within a certain period (say 1 year). The turnover speed of circulating funds is an important index for evaluating the efficiency in the use of circulating funds. In other words, the less number of days for one turnover or the larger number of turnovers within 1 year will mean faster turnover speed and greater efficiency in the use of funds. [Text] [Beijing GONGREN RIBAO in Chinese 20 Oct 82 p 3] 9411

ENTERPRISE RETAINED PROFIT--This refers to the portion of total profit to be retained by an enterprise according to the rate stipulated by the state. It is a system of sharing the profits of enterprises with independent cost accounting between the state and the enterprises themselves at a fixed ratio. It is also called profit-sharing. There are many forms of sharing, such as the sharing of total profits and of above-quota profits in addition to the base profits. The ratio of sharing should be determined by the state. The profit retained by the enterprise will become its enterprise funds to be used to develop production or for collective welfare, bonuses for workers and staff members or as reserve funds. [Text] [Beijing GONGREN RIBAO in Chinese 22 Oct 82 p 3] 9411

ECONOMIC INTEGRATION--This is a type of economic relationship in the spheres of production or circulation among different economic organizations (enterprises), economic departments, or economic regions. This is a natural requirement and outcome of the socialization of production and specialization and cooperation. There are many forms of economic integration. Some integration is between different enterprises of the same trade and same category; some between enterprises of different trades and in different regions; some between enterprises under different systems of ownership; and some between enterprises of different system affiliations (such as difference between the central and the local authorities, between military and civilian undertakings, and so forth). Integration can also be formed between urban and rural areas or among agriculture, industry and commerce. There can even be economic integration of an international nature. [Text] Beijing GONGREN RIBAO in Chinese 22 Oct 82 p 3] 9411

LABOR INVESTMENT--This means reliance on labor to complete certain long lasting projects. Investment of labor is used as an alternative to the accumulation of funds. It refers generally to the use of labor in the rural communes and production brigades in farmland water conservancy and other capital construction projects. Now, it also refers to the use of labor in mining, energy production and transportation which require huge amounts of manpower. China has abundant resources of labor power but is relatively short of funds for construction. Therefore, labor investment has great significance in the accomplishment of the four modernizations. [Text] [Beijing GONGREN RIBAO in Chinese 22 Oct 82 p 3] 9411

DIFFERENCE BETWEEN CHINESE AND FOREIGN METHODS OF CALCULATING "NATIONAL INCOME"--"National income" is one of the comprehensive indices in the national economy. There are now different systems of accounting for the national economy; therefore, the implications of the indices as well as the methods of calculation are also different. China is one of those countries with a centrally planned economy, and adopts the "material product system" (MPS for brevity). National income means the value created by the laborers of the material production departments within a certain period. In other words, national income means the sum total of net output value of various material production departments. There are two methods for the calculation of the magnitude of value in national income: (1) The production method, used for working out the national income on the basis of the total output value of various material production departments minus the value of materials consumed; and (2) the distribution method, whereby the net output value is obtained by directly adding together the various factors in the first distribution of national income (including the wages of workers and staff members, the income of commune members, the workers welfare funds, the income of individual laborers, profits, taxes, interests and so forth.) In countries with a market economy (such as the United States, Western Europe, Japan and so forth), the system of national accounting (SNA for brevity) is used. Here national income means the aggregate earnings from the output of goods and the services from labor, capital and land in a country within a certain period of time. It can also mean the sum total of wages, profits, interests and rents obtained in the process of production and service. The method of calculation is: National income = gross national product - depreciation of fixed assets - net business taxes = net national product - net business taxes = wages + profits + interests + rents. To sum up, the difference between our national income and that of European and American countries is: First, theirs, but not ours, includes the earnings of the nonmaterial production departments; and second, ours also includes the total taxes paid by the enterprises, while that of European and American countries does not include indirect business taxes. [Text] [Shanghai SHIJIE JINGJI BAODAO in Chinese 23 Aug 82 p 12] 9411

LAW OF VALUE--It means the law of production and exchange based on the amount of value determined by the amount of socially necessary time. It is the universal law in commodity production and commodity exchange. Under conditions of commodity production under the system of private ownership, the role of this law takes the form of spontaneous price fluctuations around the value, and serves to regulate the relationship of commodity supply and demand and the allocation of socialist labor among various departments. The spontaneous role of the law of value has frequently brought about great waste of social labor and economic disruption. Under conditions of socialism, however, it can be used purposefully in socialist economic construction. We must pay attention to the role of this law in formulating plans and regulating economic activities with economic levers. [Text] [Beijing GONGREN RIBAO in Chinese 27 Oct 82 p 3] 9411

MARKET'S REGULATIVE ROLE--It means allowing the law of value to play its spontaneous role of regulation in the production and circulation of some products within the scope permitted by unified state planning under certain conditions in different periods of time, provided, of course, planned economy plays the

leading role. There is a basic difference between the socialist and the capitalist regulat. role of market. The special innate feature of socialist economy is planned economy, while the regulative role of market is only a supplement to it. Such regulation is useful and necessary, but is of a subordinate and secondary nature. Therefore, we must be careful in developing the market's supplementary regulative role, and can never overlook or allow any relaxation of the unified leading role of state planning. [Text] [Beijing GONGREN RIBAO in Chinese 27 Oct 82 p 3] 9411

GUIDANCE PLANNING--This refers to the noncompulsory plans formulated by the state. It plays an important role on the production and operation of enterprises. However, instead of administrative orders, its objective is attained through the regulative role of economic levers. Guidance planning is also an effective form of planned control by the state over the national economy, and is an organic component of state planning. It is applicable to many types of products of state-run enterprises which are outside the scope of mandatory planning, and to the majority of products of collectively-owned enterprises. Under ordinary conditions, guidance planning embodies the objective economic requirements which have their bearing on the harmonious development of the national economy, and all enterprises must make every effort to accomplish this development. [Text] [Beijing GONGREN RIBAO in Chinese 29 Oct 82 p 3] 9411

MANDATORY PLANNING--This refers to the state's unified planning of a certain compulsory character. Such plans are worked out by the state's leading economic departments on the basis of an overall balance. Mandatory planning is an important embodiment of a rational proportionate relationship between different sectors and links of the national economy, and an important form of management in socialist planned economy. For the production and distribution in the state sector of economy which concerns the national income and people's livelihood, the state must enforce its mandatory planning. As to the production and distribution of certain important products of the collective enterprises, some specific mandatory targets should also be set according to the requirements, so as to ensure the harmonious and healthy development of the national economy. [Text] [Beijing GONGREN RIBAO in Chinese 29 Oct 82 p 3] 9411

TOTAL ANNUAL NATIONAL INDUSTRIAL AND AGRICULTURAL OUTPUT VALUE--This is the total amount of industrial and agricultural output expressed in monetary terms for the state in 1 year, or the sum total of industrial and agricultural output value. According to the composition of value, it includes the value of the materials which have been consumed and transferred to the products and the value created by the laborers in the process of production. Because of the structure of the organizations of production, and the duplication in the calculation of the total industrial and agricultural output value, it will be difficult to correctly reflect the state's economic level. However, it is possible to show to a certain extent comprehensively the general scope of the state's industrial and agricultural production in 1 year and the speed of its general development. For a long time in the systems of planning and statistics of our country, the annual total industrial and agricultural output value has been used as the main index for calculating the speed of development in production. With the intensive development in the restructuring of economic management in our country,

there will be a more meticulous method for calculating the national economy as a substitute for the present method. However, for calculating the speed of economic development up to the end of the century and in order that there can be a link and comparison between the old and the new method, the 12th National Party Congress has decided to use the method of total national industrial and agricultural output value. Comrade Hu Yaobang has set the general goal of quadrupling the industrial and agricultural output value in the next 20 years, and the calculation of the output value is based on the constant prices of 1980. [Text] [Tianjin TIANJIN RIBAO in Chinese 26 Oct 82 p 3] 9411

TOTAL NATIONAL INCOME--This is the remaining portion of the total social output value after deducting the value of the portion used to compensate for the consumption of the means of production. In other words, it is the total value created by the laborers of the material production departments. The material production departments which create the national income include the departments of industry, agriculture, building industry, communications and transportation, scientific research which directly serves production, posts and telecommunications, and that part of commerce which is a continuation of the process of production in the sphere of circulation, such as packaging and storage. The methods of calculating national income in different countries are not quite the same. Capitalist countries include in the national income the revenues of many nonmaterial production departments, such as the revenues from banking, insurance and other government activities. The total national income can be less than the total industrial and agricultural output. In 1981, for example, our total industrial and agricultural output value was 749 billion yuan, while the total national income was 388 billion yuan. Generally, provided the economic results remain unchanged, the speed of increase or decrease in both cases should be the same. The factors affecting national income are labor productivity, the number of laborers in the material production departments and the consumption of the means of production in society. National income is an important overall index of the national economy. The per-capita income of a country can basically reflect the development of the country's productive forces, while the growth in national income can basically reflect the speed of that country's economic development. [Text] [Tianjin TIANJIN RIBAO in Chinese 26 Oct 82 p 3] 9411

SYSTEM OF PRODUCT CERTIFICATION--Under this system, a third party (other than the producing and purchasing parties) will, after a fair inspection of the products and the production level of the plant concerned, issue a certificate or a mark of their fitness to affirm and prove that this enterprise is capable of producing goods which can measure up to the required standards or technological conditions. The third party generally refers to the certifying organs set up by the standardization departments in various countries. The criteria for certification are generally the national criteria. This system is of two types: compulsory and noncompulsory. For those products which may be a hazard to people's lives, safety or health, the system of compulsory certification is used according to relevant state decrees; and the products must bear the mark issued for safety before they can be sold on the market. For ordinary products, the system of voluntary certification can be used. If these products are certified as being up to the standard, certificates or marks of fitness will be given. Products certified to be up to the standards are allowed to bear the certified mark, to be sold on the market, and to be publicized to the consumers.

Even after being certified to be up to the standards, products generally still need to go through periodic or occasional inspections subsequently. If their quality is found to have deteriorated, warnings will be served or the certificates will be revoked. Fines or other legal action may also be taken in serious cases. Many countries in the world, especially the industrially developed countries, are using this system which is an effective measure of guaranteeing the quality of products. [Text] [Tianjin TIANJIN RIBAO in Chinese 26 Oct 82 p 3] 9411

PROFIT RATE ON FUNDS--This means the ratio of the total profits created by the laborers for the society to the total amount of funds used, under the socialist system. [Text] [Shanghai JIEFANG RIBAO in Chinese 12 Sep 82 p 4] 9411

ECONOMIC STRUCTURE--This has two meanings: First, it refers to the sum total of certain relations of social production. This type of economic structure is mainly expressed through the structure of the system of the ownership of the means of production. Second, it refers to the combination and composition of various sectors of the national economy and the various fields engaged in social reproduction, mainly including the industrial structure (such as the composition of the two major categories of the means of production and the means of subsistence); the composition of agriculture, light industry and heavy industry; and the internal structure of industry and agriculture); the distribution structure (such as the distribution between accumulation funds and consumption funds or as the distribution within accumulation funds and consumption funds); the exchange structure (such as the structure of commodity circulation and the structure of prices); and the structures of consumption and technology. Economic structure is the comprehensive outcome of the development of various components of the national economy on varying scales and at different speeds over a long period of time. The economic structure may be rational or irrational depending mainly on whether it is suitable for the actual national conditions; whether it can make full use of all favorable conditions at home and abroad; whether it can make rational and effective use of manpower, material and financial resources and natural resources; whether it can ensure the coordinated development of various sectors of the national economy; whether it can strongly promote scientific and technological progress and raise labor productivity; and whether it can help increase the speed of production growth in the near as well as the distant future. [Text] [Shanghai JIEFANG RIBAO in Chinese 12 Sep 82 p 4] 9411

TOTAL INDUSTRIAL AND AGRICULTURAL OUTPUT VALUE--This refers to the total value of industrial and agricultural production expressed in monetary terms within a certain period (usually 1 year) by the industrial and agricultural production departments. In other words, it represents the sum total of the total industrial output value and the total agricultural output value. Total industrial output value includes the value of finished products, the semifinished products sold, and the products still in the production line, because of the long production period required. The value can be calculated according to the current or the constant prices. Total agricultural output value is the sum total of the value of all types of material objects, including the products of planting, forestry, animal husbandry, sideline occupation and fishery. At present, the total industrial and agricultural output value is used to denote the general level of industrial and agricultural outputs. It also supplies important data

for the study in the rate of industrial and agricultural development, the proportionate relationship between various sectors of the national economy and the labor productivity. For a comprehensive reflection of the level of development of the national economy, other important economic indices have to be referred to. [Text] [Beijing GONGREN RIBAO in Chinese 24 Sep 82 p 3] 9411

PERCENTAGE OF MARKETABLE PRODUCTS--According to the definition in Marxist political economy, the products of labor used for exchange are called commodities. A certain portion of the peasants' products are consumed by the peasants themselves, and this portion cannot be called commodities. Only that portion which is excessive to the requirement for self-sufficiency and which can be sold (exchanged) can be called commodity. (For example, there are commodity grain, commodity oil and so forth.) This portion in proportion to the total agricultural products is often expressed in percentage points, and is called the percentage of marketable products. If the proportion is large, the percentage of marketable products is high; conversely, the percentage of marketable products is low. [Text] [Beijing GONGREN RIBAO in Chinese 24 Sep 82 p 3] 9411

TRADE MARK--In our country, the rights for the exclusive use of trade marks is obtained through registration. Any enterprise, institution or individual engaging in industrial or commercial undertakings and desiring to obtain exclusive rights for the use of trade marks for the commodities which it, or he, has produced, manufactured, processed or chosen, or is selling on consignment, should apply for registration to the trade mark bureau under the Central Industry and Commerce Bureau. After examination and approval according to the legal procedures, the trade mark bureau will enter the application in the "Trade Mark Registry" and issue a "certificate of trade mark registration" for the trade mark, now known as a registered trade mark. Once the trade mark is registered, the applicant will have exclusive rights for the use of that trade mark. Such rights are protected by state law, and no other person can use the same or similar trade mark on the same or similar type of product. Registered trade marks are valid for 10 years. The exclusive rights can be maintained provided the registration is renewed. Such exclusive rights are confined to the registered trade mark and commodity as approved. The person who owns these rights should be responsible for the quality of the commodity and accept the supervision of the industrial and commercial departments as well as the broad masses of people. The register trade marks must bear the words "Register Trade Mark." For domestic sales, the circled word "Zhu" [Registered] can be used; and for the foreign market the letter "R," also circled should be added.--Supplied by the Trade Mark Bureau under the Central Industry and Commerce Bureau. [Text] [Shanghai ZONGGUO CAIMAO BAO in Chinese 18 Sep 82 p 3] 9411

LAW OF VALUE--This is the basic law for the production and exchange of commodities. Its main feature and objective requirement are the determination of commodity value by the amount of socially necessary time spent on the commodity's production. Commodities are exchanged according to their value. The prices of all commodities should correspond with their value, and, at the same time, these prices can fluctuate around the value as a means of regulating the relationships between supply and demand and between production and marketing. Since commodity production and commodity exchange still exist in socialism, the law of value still plays its role to a certain extent. However, socialist

commodity production is carried out in a planned way under the system of public ownership. For this reason, the law of value generally cannot play its role blindly, and it is possible for people to use it consciously for the promotion of social welfare. The law of value helps regulate production even under the socialist system, because socialist countries have to use it purposefully in national economic planning. It can also play a positive role in helping socialist enterprises improve their cost accounting and their management and operation, adopt new technology and raise labor productivity. Socialist countries can make further use of this law to regulate the supply and demand in certain commodities. [Text] [Yinquan NINGXIA RIBAO in Chinese 14 Oct 82 p 3] 9411

MARKET FORECAST--This means the use of scientific methods to conduct qualitative and quantitative analyses on the trends of development in the supply and demand on the market in a certain period of time in the future. By this means, it will be possible for us to form a scientific judgement which corresponds with the objective laws and which can enable us to promote production, satisfy needs, do business intelligently instead of blindly and reduce the possibility of dislocation between production and marketing. Market forecast has been a weak link in our work for a long time. Failure to forecast market changes has led to dislocations between production and marketing resulting in the overstocking of unsaleable goods on the one hand, and the unavailability of goods in demand on the other. The waste is appalling. In strengthening our market forecast, we must first bear in mind macroeconomic forecast and use it as the basis for a microeconomic forecast. The main contents of the forecast are: the changes in the total supply of commodities and in the purchasing power; the changes in the composition of commodity supply and demand; the changes in supply and demand for new products; the changes in the volume of sales and the service life of certain commodities; and so forth. Through the forecast, we will be able to form a correct judgement, supply accurate information, help industry to produce more easily marketable goods and help commerce to organize their source of supply according to market demand, in order to attain the objective of socialist production and to improve the economic results. [Text] [Yinquan NINGXIA RIBAO in Chinese 14 Oct 82 p 3] 9411

WAGE SYSTEM--To implement the principle "to each according to his work," socialist countries have set up a system of remunerations for labor. The system includes the pay grades for various types of work and the duties involved, wage standards, forms of wages, and other regulations concerning wages. Since 1956, the wage system has been adopted in enterprises owned by the whole people and by the collectives, the government organs and public agencies. There are piecework wages, wages based on the time spent, and bonuses in addition to wages. The eight-grade wage system is generally adopted by the plants, mines and enterprises owned by the whole people, and different grades of wages and grade differentials have been worked out for different types of work at different levels of government organs and public agencies. In addition to their basic wages, the workers and staff members can also receive bonuses, subsidies and other remunerations according to different situations. Bonus is a necessary supplement to wages and a form of material incentive to the good workers. Subsidies are of many types: some as compensation for the workers' extra labor; some for making up the differences in the workers living conditions in different localities; and some as encouragement to people working under extraordinary harsh conditions. Such subsidies are known as health subsidy, regional

subsidy, field work subsidy and so forth. There are now some irrational aspects in the wage system and this problem has to be solved through the restructuring of the wage system. [Text] [Yinquan NINGXIA RIBAO in Chinese 14 Oct 82 p 3] 9411

ENTERPRISES' PROFIT RETENTION--This can also be called "profit sharing" or "appropriation of a percentage of profit" by the enterprises. The profits realized by state-run enterprises are not entirely handed over to the state, because a certain portion of them, based on stipulated conditions, is retained by the enterprise to be used to develop production, to promote welfare and to be used as bonuses for the workers and staff members. A special feature of this system is that while ensuring that the major portion of profits is placed at the unified disposal of the state, it will appropriately expand the decisionmaking power of the enterprise in the use of funds, and form a direct link between the management of the enterprise and the development of its production on the one hand and the material benefits of the workers and staff members on the other. This will encourage the enterprise to be more concerned for its own management out of consideration for its material benefits, to lower the production costs and to increase profits. In July 1979, the State Council issued the "Regulations Concerning Profit Retention by State-Run Enterprises," stipulating different proportions of profits to be retained according to the concrete conditions of different trades and different enterprises. The enterprises can use their retained profits to set up their own production development funds, collective welfare funds or bonus funds. [Text] [Yinquan NINGXIA RIBAO in Chinese 14 Oct 82 p 3] 9411

FREIGHT TURNOVER--This refers to the volume of freight carried on railways, or the number of freight ton/kilometers accomplished in railway transport within a certain period (usually 1 year). This numerical value is derived from the multiplication of the amount of freight in tons by the distance of the haul in kilometers. The ton/kilometer used here to denote freight turnover means that the train has carried 1 ton of freight over a distance of 1 kilometer. The freight turnover is determined by two factors: the weight of freight and the distance of its transportation. That is why it can show how the railways has completed its task of transporting state freight. Freight ton/kilometer is also commonly called freight-computation ton/kilometer (or transport business ton/kilometer). In railway transport, under ordinary conditions, cargoes are supposed to be carried over the shortest possible distance between the originating station and the destination. This shortest possible distance is also the basis for the computation of freight. In railway usage, this is called "freight-computation distance." The freight can be computed according to the mileage table issued by the transportation bureau of the Ministry of Railways for freight transport. The distance shown in this table, multiplied by the weight shown in the waybill gives the number of ton/kilometers, the freight-computation ton/kilometers, or the freight ton/kilometers, as commonly called. Railway freight is computed by multiplying the number of ton/kilometers with the freight for each ton/kilometer according to the freight scale. The total number of ton/kilometers also serves as the basis for computing and checking the total volume of freight hauled on the railway within a certain period (usually 1 year), for computing the production cost in freight transport, and for distributing the income from freight among the railway

bureaus and branch bureaus. In actual transportation, there are many factors--such as the train capacity of railways, detours necessitated by construction, natural disasters, accidents and so forth--which make it impossible to transport goods over the shortest possible distance between the originating station and the destination as implied in the freight scale, and the distance actually covered is always longer. In order that the fuel consumption by the locomotives, the general oil consumption, and the operation of locomotive can be correctly and rationally assessed and analyzed in the operation departments, another type of ton/kilometer, called the load-carrying freight ton/kilometer, based on engine-operator's report on the load of the train and the actual distance traveled every day, is used. However, this type of ton/kilometer is only used in the operations departments and not the same as what we commonly called freight ton/kilometers. [Text] [Beijing TIEDAO ZHISHI in Chinese No 5, 1982 p 23] 9411

PASSENGER TURNOVER--This refers to the volume of production by railways in passenger transport, or the number of passenger/kilometers within a certain period (usually 1 year). This numerical value is derived from the multiplication of the number of passengers and the distances they have traveled. The unit to be used for passenger turnover is called passenger/kilometer, meaning that the train has carried one passenger over a distance of 1 kilometer. In railway departments, a special term called "converted turnover" is sometimes used to show the total volume of passenger and freight traffic combined. The unit so used is called "converted ton/kilometer." Converted turnover means the total converted ton/kilometers of passenger and freight traffic for a railway. When the production costs for transporting one passenger/kilometer and one ton/kilometer are about the same, the converted turnover will be equal to the sum of freight turnover and passenger turnover. The current converted turnover in railways is based on the closeness of the revenue from the transport of 1 freight ton/kilometer to that of 1 passenger ton/kilometer, and is derived from a direct addition of the two. The purpose of using converted turnover is to show the result of the railway's overall performance and to facilitate the calculation of railway transport costs and the labor productivity. Although railway transport has its own special features, it, like any other department, has to produce in order to obtain its revenues, and its cost of production and labor productivity as well as the distribution of its revenues among the railway bureaus and branch bureaus should be calculated on the basis of its production. Therefore, both the state and the railway itself are treating passenger and freight turnovers as the important numerical indices for evaluating the railway's production. [Text] [Beijing TIEDAO Zhishi in Chinese No 5, 1982 pp 23, 39] 9411

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GENERAL

EXISTENCE OF DIVERSE ECONOMIC FORMS EXPLAINED

Nanjing XINHUA RIBAO in Chinese 30 Nov 82 p 4

[Article by Zhang Yongtao [1728 3057 2711]: "Are the Joint Existence of the Present Diverse Economic Forms and the Joint Existence of the Five Economic Elements Prior to Socialist Reform the Same Thing?"]

[Text] In his report at the 12th Party Congress, Comrade Hu Yaobang [5170 5069 6721] viewed upholding the leading position of the state run economy and developing diverse economic forms to be an important matter of principle in our nation and developing diverse economic forms to be an important matter of principle in our nation's economic construction strategy, one which we must "pay special attention to solving." Some comrades ask: are the joint existence of the present diverse economic forms and the joint existence of the five economic elements prior to socialist reform the same thing? From the following analysis, we can see that these are two fundamentally different things.

First, the historical conditions and reasons for the two are different. Our nation was originally semi-colonial, with a very backward and complex economic structure. A monopoly capitalist economy existed side by side with a national capitalist economy and there was a feudal system of land ownership and an individual economy based on a minor system of private ownership. After new China was established, we seized all bureaucratic monopoly capital and established a state run socialist economy; instituted land reform and destroyed the feudal system of land ownership; and, in a few areas, organized economies based on cooperatives. Because we did not totally carry out socialist reform at that time, we could not avoid a situation in which various economic elements existed together: that is, there existed the state run economy which controlled the lifeline of the national economy and a small scale economy based on cooperatives, and there was a large scale individual economy and the private capitalist economy, and also the state capitalist economy, the scope of whose activities the proletarian state could limit and regulate. Such a state of production relations makes it clear that at that time our nation had not yet destroyed the system of exploitation and the exploiting classes and that the socialist economic system had not yet been established.

Now, under the historical conditions of having already destroyed the system of exploitation and the exploiting classes, of having already established the socialist economic system and of there having been a very great development of the socialist public ownership economy, we are allowing the simultaneous existence of varied economic forms. The basic reason for implementing this economic policy is that the productive forces of our nation remain at a relatively low level and are extremely unbalanced. Within the nation, there is modern mass production, semi-mechanized production and a large amount of production totally by hand. With productive forces at various levels, we cannot and should not adopt a single economic form. Only by using various economic forms while maintaining the leading position of the state run economy can we hasten economic development and make the lives of the people easier.

Secondly, the concrete substance of the two cases and the relative positions occupied by the economic elements within the overall economy in the two cases are different. Although, of the five economic elements existing in the early years of liberation, it was the state run economy which controlled the economic lifeline of the nation, its power was quite limited, while private capitalism wielded a great deal of economic power. More than three-fifth of the total value of industrial output of the entire nation (excluding handicraft industries) was represented by the value of the output of privately run industries throughout the nation. The total amount of sales from privately run commercial concerns stood at 76.1 percent of the total wholesale sales and 85 percent of the total retail sales of commercial concerns and agencies throughout the nation. In rural areas, the dominant position was occupied by the backward and decentralized small peasant economy, while the cooperative economy was in its infancy. The private capitalist economy which was destroyed early on is not one of the various economic forms existing presently, while the individual economy is merely a "needed supplement" to the public ownership economy and the state run economy stands alone in the dominant position. Of the fixed assets throughout the nation in 1980, 90.2 percent were held by nationally owned state run enterprises; of the nation's total value of industrial output, state run industries accounted for 79 percent; and of the total amount of commercial goods sold retail throughout the nation, 84.2 percent were sold through state run commercial enterprises. In the rural areas, the cooperative economy with ownership by the laboring people early on became the major economic form, becoming the major component of our nation's agricultural production. Collective ownership in towns and cities has practically become a part of every aspect of economic life in urban areas, holding an especially prominent position in industry.

Thirdly, the function of each of the two in the economic life of our nation is different. The five economic forms that existed prior to socialist reform played a specific and active role in the restoration and development of our national economy at that time, but their existence was not to be tolerated for a long time. Because a private capitalist economy by nature exploits workers and is managed blindly, looking only to secure profits, and because it has a negative, harmful impact on the

national economy and the people's livelihood, we had to carry out a policy of using, limiting and reforming it. The individual economy of peasants and handicraft workers was a backward economic form, with productive forces operating at a very low level. It could not meet the demands of socialist industrialization and the development of the entire national economy, and its continued development would have inevitably led to a split, affecting the consolidation of the alliance of workers and peasants and shaking the foundation of the people's democratic dictatorship. Therefore, this economic form had to be reformed.

Now, under the premise of upholding the leading position of the state run economy, allowing various economic forms to exist side by side is a policy which our nation must implement over a long period and is an important matter of principle which will hasten an overall surge in our nation's socialist economy. In the past, under the guidance of "leftist" ideology, without consideration of the actual state of our productive forces, we one-sidedly stressed that the bigger and more all-encompassing the system of ownership of the means of production the better, and we discriminated against collective economies, denied individual economies, were impatient to "make the transition" [to communism] and to "rise to higher levels," with the result that we obstructed the development of the productive forces of society and affected the improvement of the people's lives. Since the Third Plenary Session of the 11th Party Central Committee, because of having adopted economic policies which are suited to our national conditions and which meet the requirements of objective laws of economics, the situation in which various economic forms exist together has come about. The facts prove that upholding and carrying out economic policies allowing for the rational disposition and development of various economic forms is helpful in dealing with unemployment, is helpful in satisfying many of the needs of the people in both urban and rural areas, is helpful to the state in accumulating capital, is helpful in improving economic management and is helpful in improving economic results of enterprises and of the society as a whole. To sum it up in one sentence, it is helpful in bringing prosperity to urban and rural economies and in improving the lives of the people. Because of this, starting now and for a long time to come, we will continually consolidate and develop the state run economy, seeing to it that it retains its leading position, and at the same time, we will allow and encourage the existence and development of other economic forms in order to hasten an overall upsurge in the socialist economy.

Having gone through the analysis of the several aspects above, we can clearly see the historical course which has led from the joint existence of the five economic elements during the early years of liberation to the joint existence of diverse economic forms now, a course which reflects our nation's production, development and daily improvement of the socialist relations of production. We cannot take two types of economic relationships which are different in principle, exist in two different historical periods and are different in substance and function and confuse them. If we are confused, then we cannot correctly recognize the historical inevitability of socialist transformation, nor can we correctly understand the present necessity to allow the joint existence of diverse economic forms.

HONG KONG MEDIA ON CHINA

GROWTH OF SINO-AUSTRALIAN TRADE OUTLINED

Hong Kong WEN WEI PAO in Chinese 18 Dec 82 p 7

/Article by Yang Dongyi /2799 2639 3300/:"Sino-Australian Trade on the Constant Increase - A Visit with Horne, the Australian Commercial Envoy on China and Dulfer-Hyams, the Commercial Attaché"/

/Text/ Next Tuesday is the 10th anniversary of the resuming of diplomatic relations between China and Australia. In the course of these ten years, the two countries' bilateral trade has constantly been growing, and the investments by Australian businessmen have also been steadily on the increase.

A few days ago, at the opening ceremony of the ore field at Zhongxingzhou, Zhuhai, this correspondent visited with Peter R. Horne, the Australian Commercial Envoy in Beijing and Robin K. Dulfer-Hyams, Commercial Attaché in Gangnan, and exchanged views with them on the two countries' economic contact in the past and the prospects in the future. Both indicated that in the past ten years the two countries' economic contact was stable. In trade, Australia has consistently held a favorable balance of trade. But in the past two years, because of the impact of China's economic readjustment and reduction in imports, the trade difference between the two countries has slightly decreased. Horne indicated that not only Australia, but other countries of the economic and cooperative development organization have also experienced similar situation.

On future prospects, they both indicated optimistically that currently China's foreign exchange reserve has exceeded 7 billion dollars, a considerable showing. In addition, it has been estimated by some people that by the beginning of next year China's foreign exchange reserve could reach 13 billion dollars. Some bankers, therefore, think China may expand the volume of imports. It was Horne's view that if this was true, Australia would be benefited to a certain degree. Discussing the composition of the two countries' trade commodities, they pointed out that currently the commodities that Australia exports to China in largest quantities are wheat, wool, mechanical and scientific instruments. Those that Australia imports from China are mainly textile goods, shoes and some industrial products. Horne was of the opinion that there will possibly be changes in the composition of trade commodities bewteen the two sides. For example, China may need more

Australian iron sand and coal. He explained that the need for more iron sand is due to the fact that Baoshan Steel Work will soon go into operation and need to import raw materials from Australia. As for more Australian coal, Horne indicated that it would be cheaper for the southern Chinese areas to transport coal from Australia than from northern China; so the North will have more coal to export to overseas for exchange. He added, however, that though this is highly possible (as currently both parties are negotiating), it will not be long-term.

There will also be changes in the composition of the goods exported from China to Australia. Industrial, mechanical and electric products will increase. In order to reach this goal, however, China must first improve packaging, the supply of parts, and after-sale services. It must also improve market sales network and skills.

Discussing the direct investments in China by Australian businessmen, Dulfer indicated that in the past ten years the amount of direct investment of Australian businessmen was roughly estimated around \$30,000,000, which, compared to countries like Japan and other territories, is not too much. The forms of investment were mainly compensatory trade and cooperative management; approximately four to five projects. The Zhongxingzhou ore field opened recently was one of the present largest investments of the Australian businessmen.

In explaining the reasons why the Australian investment in China has not been large, they both indicated that first of all, currently the circumstances for investing in China are not provided with. Secondly, some of the negotiations have been suspended for too long. In addition, China has often rigidly stipulated that the invested products must be entirely resold to the production place, which has often weakened the investors' interest. It is, however, encouraging that China has already taken notice of this problem and is pains-takingly trying to improve. So if everything is on the right track, direct foreign investment will definitely grow. Search for opportunities for developing overseas investment has always been the tradition of Australian businessmen. If the situation permits, this kind of invest will certainly be increasing.

Dulfer indicated that as of the present there are multiple direct investment cooperations in deliberation. For example, three Australian oil companies currently are bidding for exploration of China's offshore oil. Two companies are on the second round of negotiation in Heilungjiang Province on the building of a dairy products processing factory (this is one of the projects of China Investment Promoting Committee). Also at present several companies, together with the Chinese party concerned, are probing into establishing a company with joint management to provide offshore oil exploration with the possibility of all sorts of rear-service and supply-service.

At the same time, Australia has provided China \$50,000,000 selling party credit so that China can buy Australian machinery. The current amount drawn on is \$17,000,000. In addition, Australia provides China with an extensive development aid plan.

Lastly, they both indicated that the prospect for the two countries' future economic cooperation is very good. The Australian businessmen are enthusiastic and optimistic about direct investment in China. They brought up the Zhongxingzhou ore field as an example. The field is the last investment made during the last 10 years and the invested amount is the largest. They both hoped that from now on Australian investment will come one after another, and this will speed up the development of the two countries' economic contact.

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